

# State Budget 2014-15

## Service Delivery Statements

Department of Housing and Public Works

# **2014–15 State Budget Papers**

- 1. Budget Speech**
  - 2. Budget Strategy and Outlook**
  - 3. Capital Statement**
  - 4. Budget Measures**
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The suite of Budget Papers is similar to that published in 2013-14.

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**Service Delivery Statements**

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**Queensland  
Government**

# Department of Housing and Public Works

## Summary of portfolio budgets<sup>1</sup>

Page	Agency	2013-14 Adjusted Budget \$'000	2013-14 Est. Actual \$'000	2014-15 Budget \$'000
3	Department of Housing and Public Works - controlled	1,725,960	1,622,199	1,854,602
	Department of Housing and Public Works - administered	8,693	24,018	3,575
42	Building and Asset Services	692,160	795,299	736,330
58	QFleet	133,405	124,838	141,166
82	Queensland Building Services Authority	155,363	60,294	..
88	Queensland Building and Construction Commission	..	105,708	187,164
96	Residential Tenancies Authority	35,359	47,156	37,742
104	Queensland Training Assets Management Authority	..	..	69,731

### 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 Housing and Public Works:

<p style="text-align: center;"><b>Minister for Housing and Public Works</b> The Honourable Tim Mander MP</p>
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<p style="text-align: center;"><b>Department for Housing and Public Works</b> Director-General: Neil Castles</p> <hr/> <p><b>Service Area 1:</b> Housing Services</p> <hr/> <p><b>Service Area 2:</b> Building Services</p> <hr/> <p><b>Service Area 3:</b> Procurement Services</p>
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<p style="text-align: center;"><b>Building and Asset Services</b> Deputy Director-General: Graham Atkins</p> <p><b>Objective:</b> Building and Asset Services is a commercialised business unit which delivers efficient and effective outcomes through coordinated procurement and contract management services of the State's building assets.</p>
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<p style="text-align: center;"><b>QFleet</b> General Manager: Fiona Wright</p> <p><b>Objective:</b> QFleet is a commercialised business unit providing procurement, vehicle leasing and fleet management services to the public sector.</p>
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<p style="text-align: center;"><b>Queensland Building and Construction Commission (QBCC)</b> Commissioner: Steve Griffin</p> <p><b>Objective:</b> QBCC is a statutory body established under the <i>Queensland Building and Construction Commission Act 1991</i>. QBCC regulates the building and construction industry to ensure the maintenance of proper building standards, providing remedies for defective building work, and promoting contractor and consumer confidence in the industry.</p>
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<p style="text-align: center;"><b>Residential Tenancies Authority (RTA)</b> Chief Executive Officer: David Eades</p> <p><b>Objective:</b> RTA is a statutory body established under the <i>Residential Tenancies and Rooming Accommodation Act 2008</i>. RTA regulates the Queensland residential rental sector.</p>
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## **Queensland Training Assets Management Authority (QTAMA)**

**Chief Executive Officer:** position currently undergoing recruitment process

**Objective:** QTAMA is a statutory body established under the *Queensland Training Assets Management Authority Act 2014*. QTAMA is responsible for the efficient and effective management of state-owned training facilities, primarily for the provision of vocational education and training.

Additional information about these agencies can be sourced from: <http://www.hpw.qld.gov.au>  
<http://www.qbcc.qld.gov.au> <https://www.rta.qld.gov.au/>  
[http://www.hpw.qld.gov.au/Facilities Management/QTAMA/Pages/default.aspx](http://www.hpw.qld.gov.au/Facilities%20Management/QTAMA/Pages/default.aspx)

# RESOURCES AND PERFORMANCE

## DEPARTMENTAL OVERVIEW

### Strategic direction

The Department of Housing and Public Works supports the Government's fiscal and policy objectives by:

- ensuring that our most vulnerable Queenslanders have access to housing and homelessness solutions that best suit their needs
- providing policy, advice and delivery of services to government agencies in the areas of construction, asset and facilities management, accommodation, procurement and fleet management.

The department's strategic objectives focus on the delivery of value for money for government services and better outcomes for the community. The department supports the Government's commitment to improving service delivery to Queenslanders and structuring Queensland's economy to deliver a strong and resilient future. The key objectives are:

- effective, efficient and economical delivery of valued services to our customers
- strong relationships with business partners and industries
- a capable and integrated department.

To deliver services and continue the department's reform process, the department will continue to focus on:

- developing partnerships with customers, business and stakeholders
- providing products and services that meet customer needs
- having the right skills and capabilities to support the required outcomes
- developing effective systems, processes and governance structures
- having an engaged, empowered and responsive workforce.

In 2014-15, the department will continue to deliver initiatives that will help achieve the whole-of-Government direction and priorities, including:

- implementing the Government's Housing 2020 and the Homelessness-to-Housing Strategy 2020 to deliver a flexible, efficient and responsive housing and homelessness system, by:
  - finalising regional and area plans so that we can better understand the future requirements of communities;
  - growing and renewing the social and affordable housing portfolio through construction and redevelopment projects, including partnerships with government, non-government and private organisations. Over 1,800 new social and affordable housing dwellings will be delivered;
  - amending the *Housing Act 2003* and the *Residential Tenancies and Rooming Accommodation Act 2008* (RTRAA) to enable provision of client information as part of the Government's objective to transfer public housing tenancy management to non-government providers and to address other minor technical issues associated with the transfers and implementation of Housing 2020;
  - outsourcing the tenancy and property management of approximately 9,000 dwellings to non-government housing providers in Logan City and the Gold Coast and begin the process for two other areas;

- increasing accommodation options for homeless people and those at risk of homelessness by expanding the Street to Home program through the provision of additional dwellings to support rough sleepers, establishing a Housing Assistance Triage System that will rapidly match people who are homeless or at risk of homelessness to appropriate assistance, delivering the first supported accommodation facility in Redcliffe, and commencing construction of facilities in Townsville and Cairns;
  - assisting over 38,000 low income households to remain in or move to the private housing market, including 15,000 through RentConnect;
  - identifying and removing the barriers to home ownership on Indigenous land, including the resolution of land tenure issues, improving access to home loan products, and support for applicants and trustees; and
  - addressing overcrowding by increasing the number of dwellings in Indigenous communities by commencing construction of 19 dwellings, completing construction of 70 dwellings and upgrading existing dwellings.
- assessing approximately 200 National Regulatory System community housing provider applications for registration, and contributing to the development of policies to support the growth of a strong and resilient non-government housing sector and support a nationally consistent approach to regulation
  - progressing amendments to the *Retirement Villages Act 1999* in order to achieve a balance between resident protection and a framework for the development of the industry
  - releasing a Consultation Regulatory Impact Statement identifying reforms to the *Manufactured Homes (Residential Parks) Act 2003*
  - implementing the amendments to the *Building and Construction Industry Payments Act 2004* to deliver reforms to improve the regulation of the building and construction industry sectors which strike the right balance between the needs of both parties to contracts
  - developing new opportunities for partnerships between the building and construction industry and Queensland Government through the Construction Q forum
  - continue the implementation of the Government’s Ten Point Action Plan to improve construction industry oversight
  - transferring the pool safety and plumbing and drainage licensing functions from Building Codes Queensland to the Queensland Building and Construction Commission
  - implementing the Government Office Accommodation Strategy including assessing the impact the Queensland Plan will have on the Government’s accommodation needs
  - reducing the Brisbane central business district office portfolio by 7,800 square metres through vacating expiring leases, resulting in an annualised rental saving of approximately \$8.9 million
  - advertising surplus government assets which is expected to result in cash revenues of \$28.34 million
  - transferring ownership of non-operational government employee housing to the department under the Government Employee Housing Centralisation project
  - enabling \$270 million to \$440 million in procurement benefits to government by implementing a new procurement operating framework and strategic sourcing and demand management strategies under Waves 2 and 3 of the Procurement Transformation Program
  - continue procurement transformation to make it easier for business to do business with government
  - establishing the Queensland Training Assets Management Authority to optimise the use of the State’s training facilities.

In 2013–14, the department:

- announced Housing 2020 and the Homelessness-to-Housing Strategy 2020. In particular, the department:
  - delivered an estimated 3,000 new social and affordable dwellings;
  - established partnerships with the non-government sector to assist the large scale transfer of social housing tenancy and management within Logan and Gold Coast cities;

- developed and released regional housing plans for consultation for South West and Central Queensland regions and area plans for Rockhampton and Gladstone;
- commenced the trial of a regionally based triage approach to inform development of a statewide housing assistance triage system in 2014–15;
- reformed tenancy management and introduced a new anti-social behaviour policy which has had a positive impact on tenant behaviour;
- led the whole-of-Government homelessness strategy, including improved integration of the homelessness-to-housing service system and investments; and
- expanded RentConnect services to more locations.
- focussed on overcrowding and increased the number of dwellings in Indigenous communities, by commencing construction of 105 dwellings, completing construction of 202 dwellings, upgrading existing dwellings, and maintained dwellings to the required standard
- provided \$18.9 million as incentives to investors to support over 7,500 affordable private rental dwellings across Queensland as part of the National Rental Affordability Scheme
- contributed to the development of policies which underpins the implementation of the National Regulatory System framework which commenced on 1 January 2014
- tested the registration process of the Phase 1 trial of the National Regulatory System for Community Housing with the participation of six volunteer community housing providers
- progressed a review of the *Manufactured Homes (Residential Parks) Act 2003* by conducting a survey of manufactured home owners and consulting stakeholders to gather demographic and other information, identify home owners' concerns and their experience in residential parks
- progressed the Government's response to recommendations made by the *Transport, Housing and Local Government Parliamentary Committee's Report No. 13 Review of the Retirement Villages Act 1999* by developing a Consultation Regulatory Impact Statement
- commenced the Park and Village Information Link service to provide advice and assistance to seniors in manufactured home parks and retirement villages
- progressed implementation of the Government's response to recommendations made by the *Transport, Housing and Local Government Parliamentary Committee's Report No. 14 Inquiry into the Operation and Performance of the Queensland Building Services Authority 2012* by establishing the Queensland Building and Construction Commission and appointing the governing board and Commissioner
- reduced the government motor vehicle fleet by 1,804 from April 2012, thereby saving \$50 million
- enabled \$82 million to \$130 million in annualised cashable benefits from Wave 1 of the Procurement Transformation Program
- managed government office accommodation across a portfolio of more than one million square metres of office space, including completing the fitout of government office accommodation in Townsville, Ipswich and Mackay
- since April 2012, achieved a reduction of 55,700 square metres in the Brisbane Central Business District office portfolio by vacating expiring leases, resulting in an annualised rental saving of approximately \$36 million
- reduced the department's accommodation costs by \$3.35 million since April 2012
- reviewed the communications function to better align the service to the organisation's needs and to bring it more in line with contemporary practice
- implemented machinery-of-Government changes to:
  - integrate Homelessness Services from the Department of Communities, Child Safety and Disability Services;
  - establish Building and Asset Services as a commercialised business unit replacing QBuild and Project Services; and
  - transition State Government Security to the new Public Safety Business Agency effective 1 January 2014.



## Departmental Budget Summary

The table below shows the total resources available in 2014–15 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	2013-14 Adjusted Budget \$'000	2013-14 Est. Actual \$'000	2014-15 Budget \$'000
<b>CONTROLLED</b>			
<b>Income</b>			
Appropriation revenue <sup>1</sup>			
Deferred from previous year/s	84,406	93,426	157,622
Balance of service appropriation	558,943	471,586	573,164
Other revenue	989,065	1,025,606	1,041,545
<b>Total income</b>	<b>1,632,414</b>	<b>1,590,618</b>	<b>1,772,331</b>
<b>Expenses</b>			
Housing Services	1,062,884	945,758	1,156,276
Building Services	630,278	614,183	627,804
Procurement Services	13,705	28,120	34,329
Corporate and Executive Services	38,026	55,154	54,217
Eliminations	(18,933)	(21,016)	(18,024)
<b>Total expenses</b>	<b>1,725,960</b>	<b>1,622,199</b>	<b>1,854,602</b>
<b>Operating surplus/deficit</b>	<b>(93,546)</b>	<b>(31,581)</b>	<b>(82,271)</b>
<b>Net assets</b>	<b>16,904,526</b>	<b>16,980,910</b>	<b>17,494,747</b>
<b>ADMINISTERED</b>			
<b>Revenue</b>			
Commonwealth revenue	..	..	..
Appropriation revenue of administered items	8,570	22,014	3,452
Other administered revenue	123	1,573	123
<b>Total revenue</b>	<b>8,693</b>	<b>23,587</b>	<b>3,575</b>
<b>Expenses</b>			
Transfers to government	123	1,573	123
Administered expenses	8,570	22,445	3,452
<b>Total expenses</b>	<b>8,693</b>	<b>24,018</b>	<b>3,575</b>
<b>Net assets</b>	<b>..</b>	<b>..</b>	<b>..</b>

Note:

1. Includes State and Commonwealth funding.

## Budget Measures Summary<sup>1</sup>

The table shows a summary of Budget measures relating to the department since the 2013–14 Budget. Further details are contained in Budget Paper No. 4.

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Revenue measures</b>					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
<b>Expense measures</b>					
Administered	..	..	..	..	..
Departmental	12,400	22,400	..	..	..
<b>Capital measures</b>					
Administered	..	..	..	..	..
Departmental	(1,435)	(28,345)	(12,790)	(1,675)	..

Note:

1. The totals reconcile with Budget Paper 4.

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

Service Areas	Notes	2013-14	2013-14	2014-15
		Adjusted Budget	Est. Actual	Budget
Housing Services	3	1,184	1,305	1,256
Building Services	4	264	219	232
Procurement Services	5	65	109	111
<b>Total</b>		<b>1,513</b>	<b>1,633</b>	<b>1,599</b>

### Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service areas to which they relate.
3. Variance between 2013–14 Adjusted budget and 2013–14 Estimated actual is due to the deferral in outsourcing of the tenancy and maintenance function in Logan City and Gold Coast until 2014–15. The 2013–14 Service Delivery Statements reported the 2013–14 Estimate as 1,116. The 2013–14 Adjusted budget above, includes the machinery of government transfer of Homelessness Services from the Department of Communities, Child Safety and Disability Services to the department.
4. Variance between 2013–14 Adjusted budget and 2013–14 Estimated actual is due to natural attrition. Variance between 2013–14 Estimated actual and 2014–15 Budget is due to an additional five FTE for Government Employee Housing and the corporate FTE reallocation. The 2013–14 Service Delivery Statements reported the 2013–14 Estimate as 556. The 2013–14 Adjusted budget above, excludes the machinery of government transfer of State Government Security from the department to the Public Safety Business Agency.
5. Variance between 2013–14 Adjusted budget and 2013–14 Estimated actual is due to additional funding for the Procurement Transformation Program. Variance between the 2013–14 Estimated actual and 2014–15 Budget is due to the corporate FTE reallocation.

## SERVICE PERFORMANCE

The Department of Housing and Public Works provides valued, quality services to its customers through three broad service areas—Housing Services, Building Services and Procurement Services. Further services are provided through a number of commercialised business units outlined later in the document.

### Services

Our service areas are:

#### Housing Services

Housing Services coordinates and delivers a broad range of integrated housing and homelessness supports and services to Queenslanders most in need, including remote Indigenous communities and low income and high needs families by:

- developing complementary products that better enable the department and service providers to tailor solutions to meet the individual needs of Queensland's most vulnerable people
- partnering with community housing providers to manage the distribution and increase the supply of social and affordable housing properties
- enhancing the capacity of community housing providers to increase the supply of social and affordable housing opportunities
- facilitating pathways to the private market to help low income households secure and sustain private tenancies
- increasing housing supply and improving housing amenity in Indigenous communities and improving the level of Indigenous home ownership
- reducing homelessness by funding services that assist people to obtain and maintain housing
- providing people at risk of or experiencing homelessness with a range of support services.

#### Building Services

Building Services delivers the Queensland Government's office accommodation and employee housing, manages significant building and property initiatives and the building and plumbing laws in Queensland by:

- maintaining stewardship of government office and employee accommodation assets through effective policy and efficient management of assets
- delivering and maintaining government employee housing through a whole-of-Government centralised model
- providing building and plumbing laws focussed on cutting red tape and delivering an efficient system for approving building and plumbing work, thereby saving time and money
- encouraging innovation of architects in the design of government buildings
- providing building policy and advice and improving government and industry relationships
- managing asbestos in government buildings.

#### Procurement Services

Procurement Services leads implementation of the Procurement Transformation Program securing greater value for money outcomes by implementing smarter sourcing strategies and practices, and building capability.

Procurement Services drives and supports a one-government procurement framework and provides specialist resources to work with agencies to enable delivery of the Government's priorities and drive improved procurement practices across the public sector for the whole procurement lifecycle.

## Red tape reduction

In 2014–15, the department will continue to undertake reviews and implement initiatives to reduce red tape, by:

- reviewing and amending the *Building Act 1975* and the *Plumbing and Drainage Act 2002* to reduce red tape and regulatory burden by a minimum of 20%
- amending the Queensland Development Code to reduce red tape and regulatory burden
- reducing the costs of doing business with government by implementing a standardised short form tender document for small and medium enterprises.

In 2013–14, the department contributed to the Government's commitment to red tape reduction through a range of legislative and regulatory amendments and other initiatives. In particular, the department:

- implemented a simplified Queensland Procurement Policy which reduced requirements for compliance reporting and provided agencies and suppliers with greater flexibility in delivering value for money outcomes
- reduced prescribed requirements in the *Housing Regulation 2003* for providers funded under the *Housing Act 2003* from 34 to 13
- reduced regulatory duplication through repealing the Queensland Development Code for Child Care Centres
- reviewed the prequalification certification making it risk based so that prequalification of contractors is not required for low risk projects
- reviewed the Queensland Development Code for transport noise corridors
- removed requirements for:
  - additional consent and planning approvals when building over or near water and drainage infrastructure thereby increasing certainty and reducing time and cost to both the construction industry and owners;
  - mandatory rainwater tank and energy efficient hot water system requirements saving up to \$5,000 with new homes; and
  - temporary accommodation buildings to install energy efficient hot water systems building approval to install solar roof mounted systems.
- reduced the costs of doing business with Government by implementing standard contract documents for social service procurements; implementing a one government procurement framework; and simplifying traditional tender processes and standardising and streamlining standard terms and conditions.

## 2014-15 Service Summary<sup>1,2</sup>

Service area	Sources of Revenue				
	Total cost \$'000	State Contribution \$'000	User		
			Charges and Fees \$'000	C'wealth Revenue \$'000	Other Revenue \$'000
Housing Services	1,156,276	222,279	408,028	429,864	12,563
Building Services	627,804	24,088	594,305	..	10,682
Procurement Services	34,329	34,329	..	..	..
<b>TOTAL</b>	<b>1,818,409</b>	<b>280,696</b>	<b>1,002,333</b>	<b>429,864</b>	<b>23,245</b>

### Notes:

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

## Performance Statement

Department of Housing and Public Works	Notes	2013-14 Target/Est.	2013-14 Est. Actual	2014-15 Target/Est.
<b>Service Area: Housing Services</b>				
<b>Service standards</b>				
Level of client satisfaction				
• Bond Loans	1	92%	97%	..
• Home Assist Secure	2	..	..	97%
• Home Purchase Assistance	2	..	..	95%
• Social Rental Housing	3	..	..	80%
Percentage of new households assisted into Government-managed social rental housing who were in very high or high need				
	4	95%	92%	92%
Average wait time to allocation for assistance (months) with Government-managed social rental housing for clients in very high or high need				
	5	10	8.5	9
Average tenancy and property management administration cost per households assisted				
	6	\$1,126	\$1,116	\$1,144
Percentage of department owned social rental housing dwellings in acceptable condition				
		97%	98%	98%
Percentage of under occupied Government-owned and managed social rental housing				
	7	15.5%	14.5%	12.5%
Percentage of social housing under non-government management				
	8	35% by 31 December 2014	25%	35%
New households assisted to remain in or move to the private housing market				
	9	New measure	New measure	38,400
New social and affordable housing dwellings delivered				
	9	New measure	New measure	1,800

<b>Department of Housing and Public Works</b>	<b>Notes</b>	<b>2013-14 Target/Est.</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Target/Est.</b>
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	10	New measure	New measure	60%
<b>State contribution (\$000)</b>	11, 15	213,014	146,187	222,279
<b>Other revenue (\$000)</b>	13, 16	756,278	763,074	850,455
<b>Total cost (\$000)</b>	12, 14, 17	1,062,884	945,758	1,156,276

### **Service Area: Building Services**

#### **Service standards**

##### *Accommodation Services*

##### Return on investment

• commercial properties included in the office portfolio	18	≥6.5%	8.8%	≥6.5%
• government employee housing	19	≥2.2%	4.0%	≥2.2%

##### Vacancy rate

• office portfolio	20	≤4.0%	3.9%	≤4.0%
• government employee housing		≤3.0%	2.4%	≤3.0%

##### Work point density

• average	21, 22	≤13.6m <sup>2</sup> per person	14 m <sup>2</sup> per person	≤13.5m <sup>2</sup> per person
• new fitout		≤12m <sup>2</sup> per person	12m <sup>2</sup> per person	≤12m <sup>2</sup> per person

##### *Building Policy*

##### Percentage of defaults by pre-qualified building industry contractors on government building projects

	23	≤2.0%	0.3%	≤2.0%
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<b>State contribution (\$000)</b>	24, 27, 30	51,442	32,557	24,088
<b>Other revenue (\$000)</b>	25, 28, 31	565,128	572,489	604,987
<b>Total cost (\$000)</b>	26, 29, 32	616,524	601,383	627,804

### **Service Area: Procurement Services**

#### **Service standards**

##### Savings and benefits for Government enabled under the Procurement Transformation Program

	33, 34	New measure	New measure	\$270 million - \$440 million
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<b>Department of Housing and Public Works</b>	<b>Notes</b>	<b>2013-14 Target/Est.</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Target/Est.</b>
Savings and benefits realised for Government	33, 35	New measure	New measure	\$70 million - \$121 million
Return on investment factor from the Procurement Transformation Program	33, 36	New measure	New measure	1.2 - 2.9
<b>State contribution (\$000)</b>	37, 40, 42	13,705	28,843	34,329
<b>Other revenue (\$000)</b>	38	..	530	..
<b>Total cost (\$000)</b>	39, 41, 43	13,705	28,120	34,329

Notes:

1. No 2014–15 Target/estimate is available as this is a triennial measure with the next survey to be undertaken in 2016–17. Bond loan satisfaction surveys have been conducted in 2008, 2011 and 2014. The 2013-14 Target/estimate was determined based on 2011 survey results, which were lower than 2008 survey results. Final results for the 2014 survey showed that satisfaction with bond loans had returned to levels similar to historical results, and that the 2011 results were anomalous to the time series.
2. No 2013–14 Target/estimate and 2013–14 Estimated actual are available as this is a triennial measure with the next survey to be undertaken in 2014–15.
3. No 2013–14 Target/estimate and 2013–14 Estimated actual are available as this is a biennial measure with the next survey to be undertaken in 2014–15.
4. Variance between 2013–14 Target/estimate, 2013–14 Estimated actual and 2014–15 Target/estimate is due to the housing allocation process which achieves an optimal mix of tenancies and to match need to available social housing stock.
5. Variance between the 2013–14 Target/estimate and 2013–14 Estimated actual is due to increased pathways to assist applicants into the private market and a targeted program to streamline vacant dwelling turnaround.
6. Variance between 2013–14 Estimated actual and 2014–15 Target/estimate is mainly due to the impact of inflation on costs.
7. Variance between 2013–14 Estimated actual and 2014–15 Target/estimate is due to the anticipated commencement of under-occupancy reviews in 2014–15 which will identify opportunities to reduce under-occupancy.
8. The 2014–15 Target/estimate reflects known tenancy management transfers for Logan and Robina. The 2013–14 Estimated actual of 25% reflects progress to June 2014 whilst the target is for December 2014.
9. This is a new service standard indicating effectiveness in progressing major renewal activities aligned to *Housing 2020* objectives to construct 12,000 new social and affordable housing dwellings and to assist 250,000 low income households into the private rental market. This service standard reflects strategic renewal objectives and measures a comprehensive range of outputs.
10. This is a new service standard indicating effectiveness in maintaining or securing independent housing for people who are homeless or at risk of homelessness.
11. The decrease from the 2013–14 Target/estimate to 2013–14 Estimated actual is mainly due to deferral of funding from 2013–14 to 2014–15 for Indigenous Rural and Remote capital grants program for construction of Indigenous properties throughout the state, Base State funding for new housing and housing upgrades for dwellings owned by Indigenous Councils under the Deed of Grants in Trust program, Homelessness programs, Base State funding for Crisis Accommodation Program capital grants, National Rental Affordability Scheme funding for incentives to increase the supply of affordable rental housing, and deferral of grants and administration funding from 2013–14 to 2014–15.
12. The decrease from the 2013–14 Target/estimate to 2013–14 Estimated actual is mainly due to:
  - net deferral of grants and subsidies from 2013–14 to 2014–15 including deferrals of expenditure for the Indigenous Rural and Remote capital grants for construction of Indigenous properties throughout the state, Base State funding for new housing and housing upgrades for dwellings owned by Indigenous Councils under the Deed of Grants in Trust program, Homelessness current grants, Indigenous Community Housing Organisations capital grants, Base State funding for Crisis Accommodation Program capital grants, National Partnership Agreement on Remote Indigenous Housing and National Rental Affordability Scheme;
  - deferral of grants and supplies and services expenditure from 2013–14 to 2014–15;

- transfer from State funded Indigenous Housing Program capital grants to National Partnership Agreement on Remote Indigenous Housing Upgrades to assist with meeting the 2013–14 National Partnership Agreement on Remote Indigenous Housing Upgrades properties target;
- 10% efficiency savings in maintenance costs in 2013–14 as part of the Housing 2020 strategy; and
- deferral of maintenance expenditure from 2013–14 to 2014–15 funded under the National Partnership Agreement on Remote Indigenous Housing.

These decreases are partly offset by an increase in other supplies and services and transfers from capital works to capital grants for National Partnership Agreement on Remote Indigenous Housing.

13. The increase from 2013–14 Target/estimate to 2014–15 Target/estimate is mainly due to an increase in 2014–15 in rent revenue, an increase in funding allocation for 2014–15 to match the increase in operating expenditure under the National Partnership Agreement on Remote Indigenous Housing, and an increase in Australian Government grants for National Partnership Agreement on Homelessness. This increase is partly offset by a reduction in inventory sales primarily for Kelvin Grove Urban Village.
14. The increase from 2013–14 Target/estimate to 2014–15 Target/estimate is mainly due to:
- net increase in maintenance, predominantly for National Partnership agreement on Remote Indigenous Housing, Public Rental Housing and Aboriginal Torres Strait Islander Housing. This increase is partly offset by a decrease in maintenance costs for Community Managed Studio Units due to a higher contribution by community service providers;
  - Council rates and water charges expected to increase by 6% based on historic averages;
  - increase in other supplies and services, mainly relating to an increase for the development of the Property And Tenancy System, Social Housing Outsourcing program costs and the costs associated with the Contract Office in respect to the Robina and Logan Renewal initiatives;
  - increase in grants and subsidies, mainly relating to an increase in capital grants expenditure under the National Partnership Agreement on Remote Indigenous Housing for infrastructure, new housing and housing upgrades for dwellings owned by Indigenous Councils under the Deed of Grants in Trust Program, National Rental Affordability Scheme Incentives to increase the supply of affordable rental housing and increase in homelessness programs. These increases are partly offset by a decrease of funding in 2014–15 for Indigenous Rural and Remote program for construction of Indigenous properties and to Indigenous Community Housing Organisations for housing upgrades;
  - increase in interest expense for 40 year leases under the National Partnership Agreement on Remote Indigenous Housing due to the increase in houses leased.
15. The increase from 2013–14 Estimated actual to 2014–15 Target/estimate is mainly due to deferrals from 2013–14 to 2014–15 relating to Social Housing including Indigenous Rural and Remote capital grants program for construction of Indigenous properties throughout the state, Base State funding for new housing and housing upgrades for dwellings owned by Indigenous Councils under the Deed of Grants in Trust capital grants, Homelessness Base, Base State funding for Crisis Accommodation program capital grants, increased funding allocation in 2014–15 for the National Rental Affordability Scheme for incentives to increase the supply of affordable housing and for funding of payments under the Deed of Grants in Trust.
16. The increase from 2013–14 Estimated actual to 2014–15 Target/estimate is mainly due to:
- net deferrals from 2013–14 to 2014–15 for National Partnership Agreement on Remote Indigenous Housing funding for infrastructure, employment related accommodation and maintenance and National Partnership Agreement on Homelessness, net equity to service revenue swap in 2014–15 for National Partnership Agreement on Remote Indigenous Housing, an increase in 2014–15 for National Partnership Agreement on Remote Indigenous Housing and increase in 2014–15 for Homelessness programs; and
  - an increase in rent revenue for tenancies under the National Partnership Agreement on Remote Indigenous Housing.

This increase is partly offset by a decrease in grants in 2014–15 from Residential Tenancies Authority for social and affordable housing initiatives.

17. The increase from 2013–14 Estimated actual to 2014–15 Target/estimate is mainly due to:
- an increase in grants allocation for National Partnership Agreement on Remote Indigenous Housing infrastructure, land surveys and workers accommodation for new housing and housing upgrades for dwellings owned by Indigenous Councils under the Deed of Grants in Trust;
  - deferral of funding for the Rural and Remote capital grants for construction of Indigenous properties throughout the state from 2013–14 to 2014–15;
  - an increase in funding for the National Rental Affordability Scheme incentives to increase the supply of affordable rental housing, Indigenous Community Housing Organisations, and funding for Homelessness Programs;
  - net increase in social housing maintenance;
  - an increase in other supplies and services, mainly relating to an increase in Information Services costs for the development of the Property and Tenancy System; and
  - Council rates and water charges increases of 6%.
18. Variance between the 2013–14 Target/estimate and 2013–14 Estimated actual is largely due to revaluation losses effective 30 June 2013 which resulted in a reduced aggregate asset value. The 2014–15 Target/estimate provided is reflective of the long-term industry benchmark.
19. Variance between 2013–14 Target/estimate and 2013–14 Estimated actual is mainly due to a reduced vacancy rate, while portfolio expenditure has remained relatively stable.
20. Variance between 2013–14 Target/estimate and 2013–14 Estimated actual is due to implementation of phase one of an initiative to reduce the government office portfolio in Brisbane central business district by 100,000 square metres within four years through vacating leases as a result of reduced demand and improved portfolio utilisation.
21. Variance between 2013–14 Target/estimate and 2013–14 Estimated actual is due to delays in the commencement of major utilisation improvements across two major leased buildings in the Brisbane central business district.
22. Variance between 2013–14 Estimated actual and 2014–15 Target/estimate is due to major utilisation improvements planned as part of the Brisbane central business district Government Office Accommodation Strategy commencing in 2014–15. The 2014–15 Target/estimate reflects improved utilisation in two major leased buildings in the Brisbane central business district.
23. Variance between 2013–14 Target/estimate and 2013–14 Estimated actual is due to lower than expected defaults in the year to date. The rate of contractor defaults is outside of the department's control and dependent upon a number of factors including market conditions and workload.
24. The decrease from the 2013–14 Target/estimate to 2013–14 Estimated actual is mainly due to:
- the change in corporate services cost allocation methodology across the department;
  - deferral of funds for various projects and initiatives from 2013–14 to 2014–15;
  - transfer of Roma Street Parkland operational funding to the Department of State Development, Infrastructure and Planning (DSDIP) in 2013–14; and
  - lower funding required from the Consolidated Fund mainly as a result of lower building outgoings largely due to expenditure budgeted to occur in 2013–14 but was incurred in the previous financial year.
- These decreases are partially offset by the deferral of funds for various projects and initiatives from 2012–13 to 2013–14.
25. The increase from the 2013–14 Target/estimate to 2013–14 Estimated actual is mainly due to the deferral of Natural Disaster Relief and Recovery Arrangement (NDRRA) funding from the Queensland Reconstruction Authority and cyclone shelter funding from 2012–13 to 2013–14.
26. The decrease from the 2013–14 Target/estimate to 2013–14 Estimated actual is mainly due to the change in corporate service cost allocation methodology across the department, deferral of funds for various projects and initiatives from 2013–14 to 2014–15, transfer of Roma Street Parkland operational funding to the Department of State Development, Infrastructure and Planning in 2013–14; and lower building outgoings, largely due to expenditure budgeted to occur in 2013–14 but was incurred in the previous financial year. These decreases are partially offset by the deferral of funds for various projects and initiatives from 2012–13 to 2013–14.
27. The decrease from the 2013–14 Target/estimate to 2014–15 Target/estimate is mainly due to:
- the change in corporate services cost allocation methodology across the department;
  - lower funding required from the Consolidated Fund mainly as a result of lower building outgoings associated with the rationalisation of vacant space within the portfolio;
  - decreased funding in 2014–15 for the Ipswich Office Accommodation, due to finalisation of the project; and

- transfer of Roma Street Parkland operational funding to the Department of State Development, Infrastructure and Planning in 2013–14.
- The decrease is partially offset by the deferral of funding from 2013–14 to 2014–15 for various projects and programs.
28. The increase from the 2013–14 Target/estimate to 2014–15 Target/estimate is mainly due to additional rent revenue from the transfer of government employee housing assets into the department from 1 July 2014.
29. The increase from the 2013–14 Target/estimate to 2014–15 Target/estimate is mainly due to additional property related costs including depreciation in 2014–15 as a result of the additional government employee housing assets transferred into the department from 1 July 2014; and the deferral of funding from 2013–14 to 2014–15 for various projects and programs.
- The increase is partially offset by:
- a change in the corporate services cost allocation methodology across the department in 2013–14;
  - lower building outgoings mainly due to 87 commercial lease terminations expected by 30 June 2014 partially offset by increase in electricity costs and 26 new leases added to the portfolio during 2014–15;
  - decreased funding in 2014–15 for the Ipswich Office Accommodation project; and
  - transfer of Roma Street Parkland operational funding to the Department of State Development, Infrastructure and Planning in 2013–14.
30. The decrease from the 2013–14 Estimated actual to 2014–15 Target/estimate is mainly due to:
- Finalisation of various projects and programs in 2013–14; and
  - decreased funding in 2014–15 for the Ipswich Office Accommodation and Gracemere Industrial Area, Rockhampton infrastructure expenditure due to finalisation of these projects.
- The decrease is partially offset by the deferral of funding from 2013–14 to 2014–15 for various projects and programs.
31. The increase from the 2013–14 Estimated actual to 2014–15 Target/estimate is mainly due to additional rent revenue as a result of the transfer of government employee housing assets into the department from 1 July 2014, partly offset by funding received in 2013–14 for Natural Disaster Relief and Recovery Arrangements (NDRRA) and cyclone shelter construction from the Queensland Reconstruction Authority.
32. The increase from the 2013–14 Estimated actual to 2014–15 Target/estimate is mainly due to:
- additional property related costs including depreciation in 2014–15 as a result of the additional government employee housing assets transferred into the department from 1 July 2014; and
  - deferral of funding from 2013–14 to 2014–15 for various projects and programs.
- The increase is partially offset by the finalisation of various projects and programs in 2013–14; the Natural Disaster Relief and Recovery Arrangement (NDRRA) funding received in 2013–14; and decreased funding in 2014–15 for the Ipswich Office Accommodation and Gracemere Industrial Area, Rockhampton infrastructure projects.
33. The Procurement Transformation Program is a service renewal initiative implementing strategic sourcing strategies that leverage the government’s procurement spend to deliver improved value for money outcomes. The Program is delivered in waves (stages). Wave 1 has been completed and Waves 2 and 3 have been approved to be implemented by 30 June 2015.
34. This service standard measures benefits (cash and non-cash) enabled from strategic sourcing initiatives implemented. Enabled benefits reflect strategic sourcing outcomes and serve to set the target range for realised benefits. Wave 2 and 3 enabled benefits are captured in the 2014–15 Target/estimate.
35. This service standard measures the actual benefits realised for government through procurement reforms implemented. Realised benefits are the actual benefits (cash and non-cash) achieved from spend under contract post enablement as part of Wave 1 of the Procurement Transformation Program. A stretch target of \$663 million - \$1,303 million has been set to be achieved by 30 June 2018. Waves 2 and 3 will be captured as additional to the 2014–15 Target/estimate listed above.
36. This service standard measures the return on investment in the Procurement Transformation Program. Return on investment is defined as the net benefit returned, dollar for dollar, relative to investment in the Procurement Transformation Division (including the Procurement Transformation Program). The 2014–15 Target/estimate captures Wave 1 benefits only. Waves 2 and 3 benefits will be delivered from 2014–15 spend activities which are in addition to this target.

37. The increase from the 2013–14 Target/estimate to 2013–14 Estimated actual is mainly due to the carryover of funding from 2012–13 to 2013–14 and additional funding for the Procurement Transformation Program.
38. The increase from the 2013–14 Target/estimate to 2013–14 Estimated actual is mainly due to revenue received from Training Certification Courses.
39. The increase from the 2013–14 Target/estimate to 2013–14 Estimated actual is mainly due to additional costs to engage external implementation partners to support the Procurement Transformation Program.
40. The increase from 2013–14 Target/estimate to 2014–15 Target/estimate is mainly due to additional funding for the Procurement Transformation Program, partly offset by reduced travel management system operating costs and the travel management system being fully depreciated at 30 June 2014.
41. The increase from 2013–14 Target/estimate to 2014–15 Target/estimate is mainly due to additional costs in 2014–15 to engage external partners for implementation of new work practices during the transition to a new procurement operating model.
42. The increase from the 2013–14 Estimated actual to 2014–15 Target/estimate is mainly due to additional funding for the Procurement Transformation Program.
43. The increase from the 2013–14 Estimated actual to 2014–15 Target/estimate is mainly due to additional costs in 2014–15 to engage external partners for implementation of new work practices during the transition to a new procurement operating model.

## **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 2014–15 will include revenue from fees collected by Building Codes Queensland and fees for the accreditation of residential service units and retirement villages by Housing Services.

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

## CAPITAL

### Capital program

The department's total capital expenditure program for 2014-15 is \$249.8 million. In addition to this expenditure, the department provides funding for capital grants which are detailed in Budget Paper 3.

Program highlights include:

#### Housing Services

- \$159.7 million for social housing to commence construction of 231 rental units, complete construction of 135 rental units, purchase 37 rental units, acquire land and upgrade existing social housing
- \$62.1 million for social housing in Indigenous communities funded through the National Partnership Agreement on Remote Indigenous Housing to complete construction of up to 152 rental units
- \$4.8 million to complete construction in Redcliffe and upgrade existing infrastructure in Townsville and Cairns to provide specialist supported accommodation facilities for rough sleepers.

#### Public Works

- \$6.9 million to construct at least 10 units of accommodation for government employee housing to support the delivery of government services at Thursday Island
- \$3.1 million to provide equitable access and facilities to Government House for persons with disabilities.

### Capital budget statement

Department of Housing and Public Works	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Actual \$'000	2014-15 Budget \$'000
<b>Capital Purchases<sup>1</sup></b>				
Total land, buildings and infrastructure	2,5,7	328,057	259,295	245,346
Total plant and equipment	3,6,8	2,403	2,800	3,237
Total other capital	4,9	1,200	500	1,200
<b>Total Capital Purchases</b>		<b>331,660</b>	<b>262,595</b>	<b>249,783</b>

Notes:

1. For more detail on the agency's capital acquisitions please refer to Budget Paper 3.
2. The decrease from the 2013-14 Adjusted budget to the 2013-14 Estimated actual is mainly due to:
  - deferrals from 2013-14 to 2014-15 relating to social housing;
  - net transfers from capital works to operating expenditure relating to National Partnership Agreement on Remote Indigenous Housing; and
  - decrease Nation Building and Jobs construction due to finalisation of the program in 2013-14.

This decrease is partly offset by:

- net transfer from State funded capital grants in relation to the National Partnership Agreement on Remote Indigenous Housing;
- increase for funding received from the Australian Government for National Partnership Agreement on Homelessness for construction programs relating to Rough Sleepers, Women Escaping Domestic Violence and Young People Exiting State Care; and
- increase in Public Rental Housing construction.

3. The increase from the 2013-14 Adjusted budget to the 2013-14 Estimated actual is mainly due to carryover of funds from 2012-13 to 2013-14, partially offset by a transfer of capital expenditure to supplies and services to fund the cost of the implementation of the Property and Tenancy System.
4. The decrease from the 2013-14 Adjusted budget to the 2013-14 Estimated actual is due to a transfer of capital expenditure to supplies and services to fund the cost of the Property and Tenancy System.
5. The decrease from the 2013-14 Adjusted budget to the 2014-15 Budget is mainly due to:
  - decrease in allocation for National Partnership Agreement on Remote Indigenous Housing program, including net deferrals to out-years and net transfers in 2014-15 from capital works to operating expenditure;
  - funding ceasing in 2013-14 for a number of programs including:
    - Nation Building and Jobs program;
    - Ipswich Office Accommodation and Townsville Government Office Accommodation capital expenditure projects;
    - Alternative Acquisitions Turnkey initiative; and
    - Public Housing - A Place to Call Home Initiative.
  - decrease in funding from 2013-14 to 2014-15 for a number of programs including:
    - Fitzgibbon asset acquisition;
    - Crisis Housing High Needs Facility in Townsville; and
    - Mona Mona Construction costs tapering off.

This decrease is partly offset by:

  - net increase in Construction for Public Rental Housing program, mainly due to the commencement of 195 dwellings in 2014-15;
  - increase in land purchases for future construction needs;
  - increase for the National Partnership Agreement Homelessness for construction programs relating to Rough Sleepers, Women Escaping Domestic Violence and Young People Exiting State Care;
  - increase for Public Rental Housing Upgrade; and
  - increase for Public Rental Housing Purchase of existing properties.
6. The increase from the 2013-14 Adjusted budget to the 2014-15 Budget is mainly due to additional ICT plant and equipment purchases for routers and switches in 2014-15.
7. The decrease from the 2013-14 Estimated actual to the 2014-15 Budget is mainly due to a decrease in allocation for the National Partnership Agreement on Remote Indigenous Housing program due to the refurbishment project funding, and no further capital expenditure in 2014-15 for the Ipswich Office Accommodation and the completion of Townsville Government Office Accommodation project. This decrease is partly offset by an increase in Public Rental Housing capital works.
8. The increase from the 2013-14 Estimated actual to the 2014-15 Budget is mainly due to additional ICT plant and equipment purchases in 2014-15 and a transfer of capital expenditure in 2013-14 to supplies and services to fund the cost of the Property and Tenancy System. This increase is partly offset by a deferral of funds from 2012-13 to 2013-14.
9. The increase from the 2013-14 Estimated actual to the 2014-15 Budget is due to a transfer of capital expenditure in 2013-14 to supplies and services to fund the cost of the Property and Tenancy System.



# 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. The information provided in this section is for the Departmental Entity only which excludes the commercialised business units which are separate reporting entities.

### Departmental income statement

Total expenses are estimated to be \$1.855 billion in 2014-15, an increase of \$232.4 million from the 2013-14 financial year estimate. The increase in expenditure is mainly due to an increase of \$118.9 million in supplies and services, \$104.2 million in grants and subsidies and \$14.7 million in depreciation and amortisation.

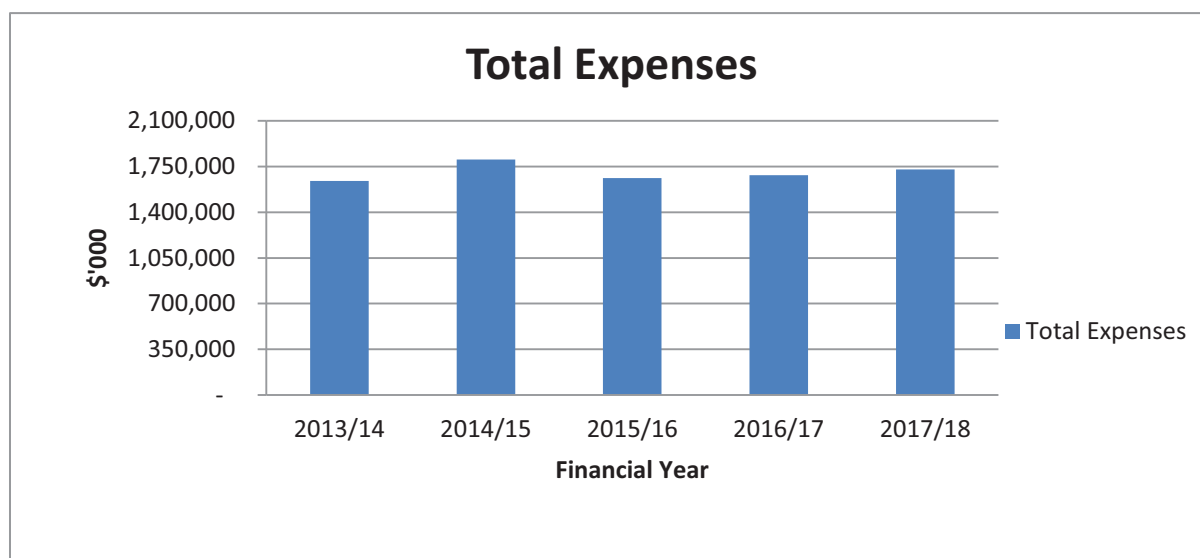
The increase in supplies and services is mainly due to a net increase in maintenance, due to delivering backlog maintenance in social housing and the department taking responsibility for an additional 2,300 government employee houses, 6% increase for council rates and water charges, an increase in 2014-15 for the replacement of the department's Housing tenancy management system, increased program delivery in 2014-15 for the Homelessness and Home Assist Secure programs as well as the deferral of expenditure from 2013-14 to fund programs in 2014-15.

The increase in grants and subsidies is mainly due to increased funding for new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust, funding for infrastructure under the National Partnership Agreement on Remote Indigenous Housing, a deferral of funding for the Rural and Remote capital grants for construction of Indigenous properties throughout the State from 2013-14 to 2014-15, the National Rental Affordability Scheme incentives under Rounds 1 to 4 to increase the supply of affordable rental housing, and increased funding for the Indigenous Community Housing Organisations and Remote Indigenous Land and Infrastructure Program Office.

Over the forward estimate period:

- The decrease in expenditure from 2014-15 to 2015-16 is \$169.9 million is mainly due to reduced program delivery in 2015-16 for the National Partnership Agreement on Remote Indigenous Housing Infrastructure program, new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust, Rural and Remote capital grants for construction of Indigenous properties throughout the State, as well as the finalisation in 2014-15 of the Procurement Transformation Program, Remote Indigenous and Land and Infrastructure Program Office initiative and Homelessness programs funded under the National Partnership Agreement.
- The increase in expenditure from 2015-16 to 2016-17 is \$9.1 million is mainly due to the additional property related costs relating to the commercial building portfolio and a 4.3% increase for Social Housing maintenance and 6% increase for council rates and water charges. This increase is partially offset by the reduced program delivery in 2016-17 for new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust and finalisation of Rural and Remote capital grants program for construction of Indigenous Properties throughout the State in 2015-16.
- The increase in expenditure from 2016-17 to 2017-18 is \$51.2 million is mainly due to a 4.5% increase for Social Housing maintenance and 6% increase for council rates and water charges, as well as additional property related costs relating to the commercial building portfolio.

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



The operating deficit position for the department for 2014-15 is estimated at \$82.3 million. This is mainly due to ongoing growth in rent revenue from social housing not keeping pace with the growth in operating expenses, particularly maintenance, rates and depreciation as well as a deferral of expenditure for Indigenous Community Housing Organisations. This is partially offset by increased recurrent revenue that is forecast to be spent on capital works, lending to householders and principal repayments on Australian Government loans. Over the forward estimate period the trend reverses where rent revenue is expected to increase at a greater rate relative to the growth in expenditure.

### **Departmental balance sheet**

The department's major assets estimated as at 30 June 2015 are in land (\$8.971 billion) and in commercial and residential buildings (\$7.265 billion) and these categories are expected to increase by 0.2% and decrease by 2.1% respectively over the next three years, mainly as a result of properties sold and accumulated depreciation on buildings being greater than capital expenditure on buildings. There is no assumption around the impact of inflation on land and property values.

The department's major liabilities estimated as at 30 June 2015 relate to Interest-bearing liabilities and derivatives (\$471.8 million) and Payables (\$178.3 million) and liabilities overall are estimated to decrease by \$61.3 million (or 9%) by 2017-18 mainly due to the reduction in interest bearing liabilities.

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

## CONTROLLED INCOME STATEMENT

Department of Housing and Public Works	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>Income</b>				
Appropriation revenue	1, 6, 10	643,349	565,012	730,786
Taxes		..	..	..
User charges and fees		961,791	978,452	1,020,808
Royalties and land rents		..	..	..
Grants and other contributions	2, 11	10,000	26,932	5,182
Interest		3,080	3,050	2,753
Other revenue		14,194	15,536	12,802
Gains on sale/revaluation of assets		..	1,636	..
<b>Total income</b>		<b>1,632,414</b>	<b>1,590,618</b>	<b>1,772,331</b>
<b>Expenses</b>				
Employee expenses		183,659	178,094	178,103
Supplies and services:				
- Outsourced service delivery	3, 7, 12	..	148,524	175,250
- Other supplies and services		966,815	959,001	1,051,137
Grants and subsidies	4, 8, 13	353,111	107,634	211,831
Depreciation and amortisation		188,439	188,318	203,063
Finance/borrowing costs		17,633	20,965	21,856
Other expenses		14,053	15,313	11,712
Losses on sale/revaluation assets		2,250	4,350	1,650
<b>Total expenses</b>		<b>1,725,960</b>	<b>1,622,199</b>	<b>1,854,602</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	5, 9, 14	<b>(93,546)</b>	<b>(31,581)</b>	<b>(82,271)</b>

## CONTROLLED STATEMENT OF CHANGES IN EQUITY

Department of Housing and Public Works	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve	15, 19	..	37,295	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		..	<b>37,295</b>	..
Surplus/(deficit) for the period	5, 9, 14	(93,546)	(31,581)	(82,271)
<b>Total recognised income and expense for the period</b>		(93,546)	5,714	(82,271)
Equity injection/(withdrawal)	16, 17, 20	168,720	(54,020)	67,017
Equity adjustments (inc. MoG transfers)	18, 21	4,991	3,952	529,091
<b>Total movement in equity for period</b>		<b>80,165</b>	<b>(44,354)</b>	<b>513,837</b>

## CONTROLLED BALANCE SHEET

Department of Housing and Public Works	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	27, 32	132,730	140,632	165,953
Receivables	22, 28	144,911	113,088	119,066
Other financial assets		4,000	1,000	1,000
Inventories		1,806	2,447	1,028
Other	29	36,918	41,063	42,421
Non-financial assets held for sale	23, 30, 33	64,564	116,139	94,533
<b>Total current assets</b>		<b>384,929</b>	<b>414,369</b>	<b>424,001</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		93,654	90,298	97,111
Other financial assets		192,553	198,031	198,031
Property, plant and equipment		16,878,420	16,967,858	17,449,457
Intangibles		7,458	6,697	5,412
Other		..	..	..
<b>Total non-current assets</b>		<b>17,172,085</b>	<b>17,262,884</b>	<b>17,750,011</b>
<b>TOTAL ASSETS</b>		<b>17,557,014</b>	<b>17,677,253</b>	<b>18,174,012</b>
<b>CURRENT LIABILITIES</b>				
Payables		191,180	174,028	177,533
Accrued employee benefits		6,948	5,020	5,301
Interest-bearing liabilities and derivatives		17,866	18,163	18,922
Provisions		..	..	..
Other		25,131	23,139	23,789
<b>Total current liabilities</b>		<b>241,125</b>	<b>220,350</b>	<b>225,545</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		683	1,305	815
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives	24	410,330	474,688	452,905
Provisions		..	..	..
Other		350	..	..
<b>Total non-current liabilities</b>		<b>411,363</b>	<b>475,993</b>	<b>453,720</b>
<b>TOTAL LIABILITIES</b>		<b>652,488</b>	<b>696,343</b>	<b>679,265</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>16,904,526</b>	<b>16,980,910</b>	<b>17,494,747</b>
<b>EQUITY</b>				
Capital/contributed equity		15,795,012	15,511,697	16,107,805
Accumulated surplus/(accumulated deficit)	25, 34	235,972	299,154	216,883
Reserves:				
- Asset revaluation surplus	26, 31	873,542	1,170,059	1,170,059
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>16,904,526</b>	<b>16,980,910</b>	<b>17,494,747</b>

## CONTROLLED CASH FLOW STATEMENT

Department of Housing and Public Works	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows</b>				
Appropriation receipts	43, 51	643,349	585,350	729,686
User charges and fees		981,058	1,037,597	1,073,126
Royalties and land rent receipts		..	..	..
Grants and other contributions	35, 52	10,000	42,761	5,182
Interest received		3,080	3,050	2,753
Taxes		..	..	..
Other		234,373	245,530	253,634
<b>Outflows</b>				
Employee costs		(183,590)	(177,822)	(177,862)
Supplies and services	36,44	(1,012,990)	(1,227,316)	(1,326,067)
Grants and subsidies	37, 45, 53	(353,111)	(114,101)	(211,831)
Borrowing costs		(17,633)	(20,965)	(21,856)
Other		(207,336)	(213,676)	(209,640)
<b>Net cash provided by/(used in) operating activities</b>		<b>97,200</b>	<b>160,408</b>	<b>117,125</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows</b>				
Sales of non-financial assets	38, 46, 54	73,824	96,837	119,804
Investments redeemed		4,000	5,500	1,000
Loans and advances redeemed		25,970	25,970	28,200
<b>Outflows</b>				
Payments for non-financial assets	39,47	(331,660)	(273,523)	(249,783)
Payments for investments		(900)	(700)	(1,000)
Loans and advances made		(35,072)	(35,272)	(36,018)
<b>Net cash provided by/(used in) investing activities</b>		<b>(263,838)</b>	<b>(181,188)</b>	<b>(137,797)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows</b>				
Borrowings		..	..	..
Equity injections	40, 48, 55	215,803	77,915	155,216
<b>Outflows</b>				
Borrowing redemptions	49, 56	(23,036)	(22,635)	(15,635)
Finance lease payments		(1,323)	(4,901)	(5,389)
Equity withdrawals	41, 50, 57	(47,083)	(118,021)	(88,199)
<b>Net cash provided by/(used in) financing activities</b>		<b>144,361</b>	<b>(67,642)</b>	<b>45,993</b>
<b>Net increase/(decrease) in cash held</b>		<b>(22,277)</b>	<b>(88,422)</b>	<b>25,321</b>
<b>Cash at the beginning of financial year</b>	42, 58	<b>154,950</b>	<b>226,464</b>	<b>140,632</b>
Cash transfers from restructure		57	2,590	..
<b>Cash at the end of financial year</b>		<b>132,730</b>	<b>140,632</b>	<b>165,953</b>

## ADMINISTERED INCOME STATEMENT

Department of Housing and Public Works	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>Income</b>				
Appropriation revenue	59, 64, 67	8,570	22,014	3,452
Taxes		123	123	123
User charges and fees		..	..	..
Royalties and land rents		..	..	..
Grants and other contributions		..	..	..
Interest		..	..	..
Other revenue	60, 68	..	1,450	..
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>8,693</b>	<b>23,587</b>	<b>3,575</b>
<b>Expenses</b>				
Employee expenses		..	..	..
Supplies and services:				
- Outsourced service delivery		..	..	..
- Other supplies and services	61, 65, 69	6,038	19,482	3,452
Grants and subsidies	66, 70	2,532	2,532	..
Depreciation and amortisation		..	..	..
Finance/borrowing costs		..	..	..
Other expenses		..	..	..
Losses on sale/revaluation assets	62, 71	..	431	..
Transfers of Administered Revenue to Government	60, 68	123	1,573	123
<b>Total expenses</b>		<b>8,693</b>	<b>24,018</b>	<b>3,575</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	63, 72	<b>..</b>	<b>(431)</b>	<b>..</b>

## ADMINISTERED BALANCE SHEET

Department of Housing and Public Works	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 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>				
Capital/contributed equity		45,240	45,671	45,671
Accumulated surplus/(accumulated deficit)		(45,240)	(45,671)	(45,671)
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		..	..	..



## ADMINISTERED CASH FLOW STATEMENT

Department of Housing and Public Works	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows</b>				
Appropriation receipts	73,79, 82	8,570	28,321	3,452
User charges and fees		123	200	123
Royalties and land rent receipts		..	..	..
Grants and other contributions		..	..	..
Interest received		..	..	..
Taxes		..	..	..
Other	74, 83	..	1,457	..
<b>Outflows</b>				
Employee costs		..	..	..
Supplies and services	75, 80, 84	(6,038)	(26,475)	(3,452)
Grants and subsidies	81, 85	(2,532)	(2,532)	..
Borrowing costs		..	..	..
Other		..	..	..
Transfers to Government	76, 86	(123)	(1,573)	(123)
<b>Net cash provided by/(used in) operating activities</b>		..	<b>(602)</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/(used in) investing activities</b>		..	..	..
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows</b>				
Borrowings		..	..	..
Equity injections	77, 87	..	4,670	..
<b>Outflows</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		..	<b>4,670</b>	..
<b>Net increase/(decrease) in cash held</b>		..	<b>4,068</b>	..
<b>Cash at the beginning of financial year</b>	78, 88	..	<b>(4,068)</b>	..
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		..	..	..

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

From 1 July 2014 departments (excluding commercialised business units) will no longer be liable for payroll tax. To provide comparable cost forecasts across all periods, the 2013-14 Adjusted budget and the 2013-14 Estimated actual have been recast to reflect the removal of payroll tax from Employee expenses and an associated reduction has been made to Appropriation revenue. The 2013-14 Adjusted budget Appropriation revenue and Employee expenses have been reduced by \$7.544 million. The 2013-14 Estimated actual Appropriation revenue and Employee expenses have been reduced by \$7.533 million.

### Income statement

Major variations between 2013–14 Adjusted budget and 2013–14 Estimated actual include:

1. The decrease is mainly due to the deferral of funds for:
  - various building and information technology projects and initiatives from 2013-14 to 2014-15;
  - the Indigenous Rural and Remote program for construction of Indigenous properties throughout the State from 2013-14 to 2014-15;
  - the Base State funding for new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program from 2013-14 to 2014-15;
  - National Partnership Agreement on Remote Indigenous Housing for infrastructure, employment related accommodation and social housing maintenance funding;
  - Homelessness programs current grants from 2013-14 to 2014-15;
  - Base State funding for Crisis Accommodation Program capital grants from 2013-14 to 2014-15;
  - the National Rental Affordability Scheme funding for incentives to increase the supply of affordable rental housing from 2013-14 to 2014-15; and
  - deferral of funding for survey costs administered by the Remote Indigenous Land and Infrastructure Program Office.

These decreases are partially offset by the deferral of funds for various building and information technology projects and initiatives from 2012-13 to 2013-14 and an Equity to Service Revenue swap for the National Partnership Agreement on Remote Indigenous Housing.

2. The increase is mainly due to:
  - additional funding received from the Residential Tenancies Authority for the Affordable Residential Accommodation Scheme; and
  - the deferral of Natural Disaster Relief and Recovery Arrangement funding from the Queensland Reconstruction Authority and cyclone shelter funding from 2012-13 to 2013-14.
3. The increase is due to the reclassification of the majority of current grants to outsourced service delivery to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget was not recast for this change.
4. The decrease is mainly due to:
  - the reclassification of the majority of current grants to outsourced service delivery and other supplies and services to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget was not recast for this change;
  - net deferral of social housing programs from 2013-14 to 2014-15;
  - transfer from State funded Indigenous Housing Program capital grants to National Partnership Agreement on Remote Indigenous Housing Upgrades to assist with meeting the 2013-14 National Partnership Agreement on Remote Indigenous Housing Upgrade properties target of 308 upgrade; and
  - a decrease in the Home Assist Secure program based on project funding underspends from 2012-13 utilised to deliver programs in 2013-14.

These decreases are partially offset by the:

- deferral of Gracemere Industrial Area infrastructure expenditure from 2012-13 to 2013-14; and
  - transfer of funds from capital works to capital grants for the National Partnership Agreement on Remote Indigenous Housing program.
5. The decrease in the operating deficit is mainly due to the:
    - rent revenue for tenancies under the National Partnership Agreement on Remote Indigenous Housing;
    - grants received from the Residential Tenancies Authority for the Affordable Residential Accommodation Scheme but not expended in 2013-14;
    - 10% efficiency saving in maintenance for social housing with no reduction in outputs implemented in 2013-14 as part of the Housing 2020 strategy;

- transfer from State Funded Deed of Grants in Trust capital grants to National Partnership Agreement on Remote Indigenous Housing upgrades;
- deferral of Cyclone Shelter construction funding for capital expenditure from 2012-13 to 2013-14;
- funding in 2013-14 of voluntary retirement payments which were provisioned in June 2013; and
- revaluation increment for Rental Purchase Plan and Pathways Shared Equity Plan housing assets.

Major variations between 2013–14 Adjusted budget and 2014–15 Budget include:

6. The increase is mainly due to:
  - the deferral of funding from 2013-14 to 2014-15 for various building and information technology projects and social housing programs;
  - increase in funding allocation for 2014-15 to match the increase in operating expenditure under the National Partnership Agreement on Remote Indigenous Housing; and
  - the deferral of funding relating to the Crisis Accommodation Program from 2013-14 to 2014-15.
 These increases are partially offset by the:
  - finalisation of various building and information technology projects and programs in 2013-14; and
  - decreased funding in 2014-15 for the Ipswich office accommodation due to finalisation of the project.
7. The increase is due to the reclassification of the majority of current grants to outsourced service delivery to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget has not been recast for this change.
8. The decrease is mainly due to:
  - the reclassification of the majority of current grants to outsourced service delivery and other supplies and services to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget has not been recast for this change.
  - a decrease in 2014-15 capital grants for the Indigenous Rural and Remote program for construction of Indigenous properties throughout the state; and
  - finalisation of funding to the Indigenous Community Housing Organisations.
 The decreases are partially offset by:
  - an increase in capital grants expenditure under the National Partnership Agreement on Remote Indigenous Housing for Infrastructure;
  - an increase in Australian Government funding to the Homelessness programs;
  - an increase for new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program; and
  - an increase for the National Rental Affordability Scheme incentives to increase the supply of affordable rental housing.
9. The decrease in the operating deficit is mainly due to the inclusion of a budget for 40 year lease property rent subsequent to the preparation of the 2013-14 Adjusted budget.

Major variations between 2013–14 Estimated actual and the 2014–15 Budget include:

10. The increase is mainly due to:
  - net deferrals from 2013-14 to 2014-15 relating to social housing;
  - net equity to service revenue swap in 2014-15 for the National Partnership Agreement on Remote Indigenous Housing;
  - increase in 2014-15 for the National Partnership Agreement on Remote Indigenous Housing;
  - increased funding allocation in 2014-15 for new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program;
  - increased funding in 2014-15 for the National Rental Affordability Scheme for incentives to increase the supply of affordable housing; and
  - deferral of funding from 2013-14 to 2014-15 for the Crisis Accommodation Program.
11. The decrease is mainly due to:
  - deferral of Natural Disaster Relief and Recovery Arrangement funding from the Queensland Reconstruction Authority and cyclone shelter funding from 2012-13 to 2013-14; and
  - reduction in grants in 2014-15 from the Residential Tenancies Authority for social and affordable housing initiatives.

12. The increase is mainly due to increased program delivery in 2014-15 for the Homelessness and Home Assist Secure programs as well as the deferral of Rent Connect, Bond Guarantee and Housing and Employment program savings from 2013-14 to fund programs in 2014-15.
13. The increase is mainly due to:
- an increase in capital grants expenditure under the National Partnership Agreement on Remote Indigenous Housing for Infrastructure and deferrals from 2013-14 to 2014-15;
  - increased funding in 2014-15 for new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust;
  - a deferral of funding for the Rural and Remote capital grants for construction of Indigenous properties throughout the State from 2013-14 to 2014-15;
  - National Rental Affordability Scheme growth in incentives to increase the supply of affordable rental housing; and
  - increased funding in 2014-15 for the Indigenous Community Housing Organisations and Remote Indigenous Land and Infrastructure Program Office. These increases are partially offset by the deferral of Gracemere Industrial Area infrastructure expenditure from 2012-13 to 2013-14.
14. The increase in the operating deficit is mainly due to:
- reduction in grants revenue from the Residential Tenancies Authority in 2014-15;
  - reduction in the Kelvin Grove Urban Village net gain on sales due to the sales program finishing in 2013-14;
  - net increase in social housing planned maintenance;
  - deferral of Indigenous Community Housing Organisation grant expenditure from 2013-14 to 2014-15;
  - 6% increase in social housing council rates and water charges;
  - increase in Information Services costs for the implementation of the Property and Tenancy System;
  - the receipt of funding from the Consolidated Fund in 2013-14 for voluntary retirement payments which were provisioned in June 2013; and
  - the capitalisation of cyclone shelter construction grant funding for Queensland communities in 2013-14.

These increases are partially offset by an increase in social housing rent revenue and a decrease in impairment losses in 2014-15 relating to assets held for sale, bond loans and public housing rent.

### Statement of changes in equity

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

15. The increase is due to a net revaluation increment of Social Housing land and building assets.
16. The decrease is mainly due to:
- the return of net proceeds to the Consolidated Fund relating to the sale of the former Supreme and District Court sites at 300 George Street Brisbane and the property at 77 Grey Street South Brisbane;
  - appropriation deferral from 2013-14 to 2014-15 for part of the Australian Government equity injection in relation to the National Partnership Agreement on Remote Indigenous Housing;
  - an equity to service revenue swap in 2013-14 for the National Partnership Agreement on Remote Indigenous Housing;
  - net clawbacks from 2013-14 to 2012-13 for the Nation Building and Jobs program for Social Housing post the 2013-14 Budget; and
  - excess funding returned to the Australian Government in relation to the Nation Building and Jobs program savings.

These decreases are partially offset by the net deferral of capital works funding for the National Partnership Agreement on Remote Indigenous Housing from 2012-13 to 2013-14.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

17. The decrease is mainly due to:
- the expected return of proceeds to the Consolidated Fund in 2014-15 relating to the sale of the old Townsville Government office building, former Sales and Distribution Services warehouse at Brendale (Brisbane North), Mackay Government Office Building and Kangaroo Point car park (Brisbane);

- an equity withdrawal paid to the Consolidated Fund associated with the net rent received on the Government Employee Houses transferring into the department on 1 July 2014;
- realignment of National Partnership Agreement on Remote Indigenous Housing funding based on the program of works which differs from 2013-14 to 2014-15, and an equity to service revenue swap in 2014-15 based on reclassification of expenditure from capital to recurrent;
- a number of social housing programs finishing in 2013-14;
- net deferral of capital works funding from 2014-15 to out-years for the National Partnership Agreement on Remote Indigenous Housing;
- lower funding required for principal repayments on Queensland Treasury Corporation loans in 2014-15 mainly due to the final payment of the Moore Park State School loan in 2013-14; and
- the finalisation in 2013-14 of the Townsville Government office accommodation fitout and the new Cairns government office building as well as no further capital expenditure in 2014-15 for the Ipswich office accommodation project.

These decreases are partially offset by the deferral of equity funding related to social housing from 2013-14 to 2014-15 to manage available cash.

18. The increase is mainly due to the transfer of government employee housing assets into the department on 1 July 2014 partially offset by the transfer of the homelessness function into the department on 1 July 2013.

Major variations between 2013-14 Estimated actual and 2014-15 Budget include:

19. The decrease is due to a net revaluation increment for social housing land and building assets in 2013-14.

20. The increase is mainly due to:

- appropriation deferral from 2013-14 to 2014-15 for Australian Government equity injection in relation to the National Partnership Agreement on Remote Indigenous Housing;
- the deferral of social housing equity funding from 2013-14 to 2014-15 to better manage cash;
- the transfer of net proceeds from the sale of the former Supreme and District Court sites at 300 George Street Brisbane and the property at 77 Grey Street South Brisbane to the Consolidated Fund in 2013-14;
- increased Australian Government funding for Nation Partnership Agreement on Homelessness for construction programs relating to Rough Sleepers, Women Escaping Domestic Violence and Young People Exiting State Care; and
- increased funding for the Government House refurbishment and equitable access project in 2014-15.

These increases are partially offset by:

- National Partnership Agreement on Remote Indigenous Housing funding is based on the program of works which differs between 2013-14 and 2014-15;
- net deferrals in social housing from 2012-13 to 2013-14;
- an equity withdrawal paid to the Consolidated Fund associated with the net rent received on the Government Employee Houses transferring into the department on 1 July 2014; the estimated return of proceeds to the Consolidated Fund in 2014-15 relating to the sale of the old Townsville Government office building, former Sales and Distribution Services warehouse at Brendale (Brisbane North), Mackay Government office building and Kangaroo Point car park (Brisbane);
- a number of social housing programs finishing in 2013-14;
- net deferral of capital works funding from 2014-15 to out-years for the National Partnership Agreement on Remote Indigenous Housing;
- equity to service revenue swap in 2014-15 for the National Partnership Agreement on Remote Indigenous Housing;
- lower equity funding required for principal repayments on Queensland Treasury Corporation loans in 2014-15 mainly due to the final payment of the Moore Park State School loan in 2013-14; and
- finalisation of the Townsville Government Office Accommodation Fitout and new government office buildings in Cairns and Thursday Island in 2013-14 as well as no further capital expenditure in 2014-15 for the Ipswich office accommodation project.

21. The increase is mainly due to the transfer of government employee housing assets into the department on 1 July 2014 partially offset by the transfer of the homelessness function into the department on 1 July 2013.

## Balance sheet

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

22. The decrease is mainly due to the receipt of social housing Natural Disaster Relief and Recovery Arrangement funds accrued as outstanding at 1 July 2013 and a decrease in Input Tax Credit receivable from the Australian Taxation Office.
23. The increase is mainly due to the expected sale in 2014-15 of the old government office buildings in Townsville, Ipswich and Mackay, the former Sales and Distribution Services warehouse at Brendale (Brisbane North), the Kangaroo Point car park (Brisbane) and the former Mackay regional office as well as an increase in Public Rental Housing assets held for sale at 30 June 2014 ready for sale in 2014-15.
24. The increase is mainly due to higher than expected finance lease liability balances outstanding at 1 July 2013 in relation to the 40 year leases taken out by the department with respect to Indigenous Housing.
25. The increase is mainly due to the Housing Services estimated actual deficit for 2013-14 being less than budgeted and therefore favourable to the adjusted budget.
26. The increase is mainly due to a higher than expected actual balance at 1 July 2013 largely relating to social housing properties.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

27. The increase is mainly due to additional social housing rent revenue, the inclusion of 40 year lease property rent and proposed government employee housing assets sales.
28. The decrease is mainly due to the receipt of outstanding Natural Disaster Relief and Recovery Arrangement claims in 2013-14, a reduction in net Goods and Services Input Tax Credit receivables from the Australian Taxation Office and other Housing Services sundry receivables partially offset by an increase in Operating receivables for Social Housing Property Damage Recoveries and Rent and the additional government employee housing leases in 2014-15.
29. The increase is mainly due to higher levels of office building rent prepayments and an increase in the Queensland Government Insurance Fund prepayments relating to social housing.
30. The increase is mainly due to a transfer from property, plant and equipment for social housing properties held for sale and the expected sale of a number of government properties.
31. The increase is mainly due to a higher actual balance at 1 July 2013 largely relating to social housing properties.

Major variations between 2013-14 Estimated actual and 2014-15 Budget include:

32. The increase is due to additional social housing rent revenue.
33. The decrease is mainly due to the expected sale in 2014-15 of the old government office buildings in Townsville, Ipswich and Mackay, the former Sales and Distribution Services warehouse at Brendale (Brisbane North), the Kangaroo Point car park (Brisbane) and the former Mackay Building and Asset Services regional office partially offset by the anticipated sale in 2015-16 of the former Building and Asset Services depot at 32 Cribb Street Milton, Brisbane which is therefore recorded as an asset held for sale at 30 June 2015.
34. The decrease is due to the 2014-15 operating deficit.

## Cash flow statement

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

35. The increase is mainly due to:
  - additional funding received from the Residential Tenancies Authority for the Affordable Residential Accommodation Scheme;
  - receipt of Natural Disaster Relief and Recovery Arrangement funding relating to social housing; and
  - the deferral of Natural Disaster Relief and Recovery Arrangement funding from the Queensland Reconstruction Authority and cyclone shelter funding from 2012-13 to 2013-14.
36. The increase is mainly due to:
  - reclassification of the majority of current grants as outsourced service delivery and other supplies and services to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget has not been recast for this change;
  - decrease in actual building operating payables outstanding at 1 July 2013;
  - increase in GST paid on purchases; and
  - the deferral of building and information technology projects and initiatives from 2012-13 to 2013-14.

These increases are partially offset by the deferral of building and information technology projects and initiatives from 2013-14 to 2014-15 and a 10% efficiency saving in the social housing maintenance budget allocation as part of the Housing 2020 strategy.

37. The decrease is mainly due to the:

- reclassification of the majority of current grants as outsourced service delivery and other supplies and services to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget has not been recast for this change;
- net deferrals from 2013-14 to 2014-15 relating to social housing; and
- transfer from State funded Indigenous Housing Program capital grants (upgrades) to National Partnership Agreement on Remote Indigenous Housing Upgrades (capital works) to assist with meeting the 2013-14 properties' target for National Partnership Agreement on Remote Indigenous Housing upgrades of 308 properties.

These decreases are partially offset by the:

- decrease in affordable housing grants payable actual balance at 1 July 2013; and
- deferral of Gracemere Industrial Area infrastructure expenditure from 2012-13 to 2013-14.

38. The increase is mainly due to a higher Public Rental Housing Land and Dwelling Sales Program and additional government employee housing asset sales.

39. The decrease is mainly due to:

- net deferrals from 2013-14 to 2014-15 relating to social housing; and
- transfers from capital works to operating expenditure relating to the National Partnership Agreement on Remote Indigenous Housing.

These decreases are partially offset by the:

- transfer from State funded capital grants to the National Partnership Agreement on Remote Indigenous Housing;
- increased funding for the National Partnership Agreement on Homelessness for construction programs relating to Rough Sleepers, Women Escaping Domestic Violence and Young People Exiting State Care;
- decrease in social housing capital works actual payables balance at 1 July 2013; and
- deferral of building projects from 2012-13 to 2013-14.

40. The decrease is mainly due to:

- appropriation deferral from 2013-14 to 2014-15 for Australian Government equity injection in relation to the National Partnership Agreement on Remote Indigenous Housing;
- net clawbacks to 2012-13 for the Nation Building and Jobs program;
- Nation Building and Jobs funding returned to the Australian Government due to project savings; and
- an equity to service revenue swap in 2013-14 for the National Partnership Agreement on Remote Indigenous Housing.

These decreases are partly offset by:

- the deferral of various building projects from 2012-13 to 2013-14; and
- the net deferral of capital works funding for the National Partnership Agreement on Remote Indigenous Housing.

41. The increase is mainly due to the return of net proceeds to the Consolidated Fund relating to the sale of the former Supreme and District Court sites at 300 George Street Brisbane and the property at 77 Grey Street South Brisbane.

42. The increase is mainly due to the receipt of sale proceeds in 2012-13 for the former Supreme and District Court sites at 300 George Street Brisbane and the property at 77 Grey Street South Brisbane which were returned to the Consolidated Fund in 2013-14.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

43. The increase is mainly due to:

- the deferral of funding from 2013-14 to 2014-15 for various building and information technology projects and social housing programs;
- increase in funding allocation for 2014-15 to match the increase in operating expenditure under the National Partnership Agreement on Remote Indigenous Housing; and
- the deferral of funding relating to the Crisis Accommodation Program from 2013-14 to 2014-15.

These increases are partially offset by the:

- finalisation of various building and information technology projects and programs in 2013-14; and
- decreased funding in 2014-15 on account of the Ipswich office accommodation being finalised.

44. The increase is mainly due to:

- reclassification of the majority of current grants as outsourced service delivery and other supplies and services to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget has not been recast for this change;
- increase in GST paid on purchases;
- additional property related costs in 2014-15 due to around 2,300 government employee housing assets being transferred into the department on 1 July 2014;
- increase in maintenance for National Partnership Agreement on Remote Indigenous Housing, Public Rental Housing and Aboriginal Torres Strait Islander Housing;
- additional costs in 2014-15 to engage external partners for implementation of new work practices during the transition to a new procurement operating model;
- 6% increase in social housing council rates and water charges; and
- establishment expenditure for the social housing outsourcing program and contracts office in respect to the Robina and Logan Renewal initiatives.

45. The decrease is mainly due to:

- the reclassification of the majority of current grants as outsourced service delivery and other supplies and services to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget has not been recast for this change.

These decreases are partially offset by increases for:

- new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program; and
- National Rental Affordability Scheme incentives to increase the supply of affordable rental housing.

46. The increase is mainly due to higher sales forecast in the Public Rental Housing Dwelling Sales program and additional government employee housing asset sales in 2014-15, and the expected sale in 2014-15 of the old government office buildings in Townsville, Ipswich and Mackay, the former Sales and Distribution Services warehouse at Brendale (Brisbane North), the Kangaroo Point car park (Brisbane) and the former Mackay Building and Asset Services regional office. This increase is partially offset by the one off Fitzgibbon Land sale in 2013-14.

47. The decrease is mainly due to the:

- finalisation in 2013-14 of the Townsville office accommodation fitout and the new Cairns government office building as well as no further capital expenditure in 2014-15 for the Ipswich office accommodation initiative;
- decrease in investment under the National Partnership Agreement on Remote Indigenous Housing Program due to the refurbishment program being completed; and
- a number of housing programs ceasing in 2013-14.

These decreases are partially offset by:

- a net increase in the construction for social housing dwellings mainly due to the commencement of an additional 195 dwelling in 2014-15;
- increase in social housing land purchases for future construction needs;
- the state contribution to the National Partnership Agreement on Homelessness for construction programs relating to Rough Sleepers, Women Escaping Domestic Violence and Young People Exiting State Care; and
- funding for the Government House Refurbishment and equitable access project in 2014-15.

48. The decrease is mainly due to:

- lower funding allocation for the National Partnership Agreement on Remote Indigenous Housing in 2014-15 due to the completion of the refurbishment program;
- a number of social housing programs finishing in 2013-14;
- net deferrals from 2014-15 to out-years for the National Partnership Agreement on Remote Indigenous Housing;
- an equity to service revenue swap in 2014-15 for the National Partnership Agreement on Remote Indigenous Housing;
- lower funding required for principal repayments on Queensland Treasury Corporation loans in 2014-15 mainly as a result of the repayment of the Moore Park State School loan in 2013-14; and



- the finalisation in 2013-14 of the Townsville office accommodation fitout and the new Cairns government office building as well as no further capital expenditure in 2014-15 for the Ipswich office accommodation initiative.

This decrease is partially offset by:

- deferral of equity funding from 2013-14 to 2014-15 to manage available cash; and
- new funding for the Government House refurbishment and equitable access project.

49. The decrease is mainly due to the final payment on a number of loans with Queensland Treasury Corporation during 2013-14 relating to Public Works.
50. The increase is mainly due to the return of proceeds to the Consolidated Fund relating to the expected sale in 2014-15 of the old government office buildings in Townsville and Mackay, the former Sales and Distribution Services warehouse at Brendale (Brisbane North), the Kangaroo Point car park (Brisbane) and the Ipswich Court House as well as an equity withdrawal paid to the Consolidated Fund associated with the net rent received on the Government Employee Houses transferring into the department on 1 July 2014.

Major variations between 2013–14 Estimated actual and the 2014–15 Budget include:

51. The increase is mainly due to:

- net social housing deferrals for funding under the National Affordable Housing Agreement from 2013-14 to 2014-15;
- net equity to service revenue swap in 2014-15 for the National Partnership Agreement on Remote Indigenous Housing;
- increased funding allocation in 2014-15 for housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program;
- increased funding allocation in 2014-15 for the National Rental Affordability Scheme for incentives to increase the supply of affordable housing;
- increased funding in 2014-15 for Homelessness programs;
- increased funding in 2014-15 for the Crisis Accommodation Program; and
- increase in 2014-15 funding for the National Partnership Agreement on Remote Indigenous Housing.

These increases are partially offset by an appropriation receivable at 30 June 2013 paid in 2013-14 and a reduction in appropriation required as a result of the net rent received from the additional government employee houses transferring to the department on 1 July 2014.

52. The decrease is due to:

- a reduction in grants from the Residential Tenancies Authority for social and affordable housing initiatives; and
- one-off funding received in 2013-14 from the Queensland Reconstruction Authority for cyclone shelter construction and Natural Disaster Relief and Recovery Arrangement funds.

53. The increase is mainly due to:

- an increase in capital grants expenditure under the National Partnership Agreement on Remote Indigenous Housing for infrastructure;
- new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust; and
- increase funding allocation for the Rural and Remote capital grants for construction of Indigenous properties throughout the State between 2013-14 and 2014-15.

54. National Rental Affordability Scheme incentives to increase the supply of affordable rental housing. The increase is mainly due to additional government employee housing asset sales in 2014-15, the expected sale in 2014-15 of the old government office buildings in Townsville, Ipswich and Mackay, the former Sales and Distribution Services warehouse at Brendale (Brisbane North), the Kangaroo Point car park (Brisbane) and the former Mackay Building and Asset Services regional office partially offset by the one off Fitzgibbon Land sale in 2013-14.

55. The increase is mainly due to:

- an Australian Government equity injection appropriation deferral from 2013-14 to 2014-15 and out-years in relation to the National Partnership Agreement on Remote Indigenous Housing to manage available cash, partly offset by the program of works which differs between 2013-14 and 2014-15;
- funding for the Government House refurbishment and equitable access project; and
- an equity to service revenue swap in 2013-14 for the National Partnership Agreement on Remote Indigenous Housing.

These increases were partially offset by:

- a number of housing programs finishing in 2013-14;
  - net deferrals from 2012-13 to 2013-14 relating to social housing;
  - an equity to service revenue swap in 2014-15 for the National Partnership Agreement on Remote Indigenous Housing;
  - an equity injection receivable at 30 June 2013 paid in 2013-14 relating to Public Works;
  - the deferral of various building projects from 2012-13 to 2013-14; and
  - lower funding required for principal repayments on Queensland Treasury Corporation loans relating to Public Works in 2014-15, the finalisation of the Townsville government office accommodation Fitout in 2013-14 and no further capital expenditure in 2014-15 for the Ipswich office accommodation.
56. The decrease is mainly due to the final payment on a number of building related loans with Queensland Treasury Corporation during 2013-14.
57. The decrease is mainly due to the return in 2013-14 of net proceeds to the Consolidated Fund relating to the sale of the former Supreme and District Court sites at 300 George Street Brisbane and the property at 77 Grey Street South Brisbane partially offset by the return in 2014-15 of proceeds to the Consolidated Fund relating to the expected sale of the old government office buildings in Townsville and Mackay, the former Sales and Distribution Services warehouse at Brendale (Brisbane North), the Kangaroo Point car park (Brisbane) and the Ipswich Court House as well as an equity withdrawal paid to the Consolidated Fund associated with the net rent received on the Government Employee Houses transferring into the department on 1 July 2014.
58. The decrease is mainly due to the receipt of sale proceeds in 2012-13 for the former Supreme and District Court sites at 300 George Street Brisbane and the property at 77 Grey Street South Brisbane which were returned to the Consolidated Fund in 2013-14.

## ADMINISTERED

### Income statement

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

59. The increase is due to severance payment funding received for Building and Asset Services following the restructure of the former Project Services and QBuild commercialised business units.
60. The increase is due to the receipt of funds from the former Queensland Building Services Authority to be returned to the Consolidated Fund.
61. The increase is due to severance payments made to Building and Asset Services following the restructure of the former Project Services and QBuild commercialised business units.
62. The increase is due to the loss on transfer of Roma Street Parkland plant and equipment assets to City Parklands Transition Services Pty Ltd, a company associated with the Brisbane City Council.
63. The operating loss is due to the loss on transfer of Roma Street Parkland plant and equipment assets to City Parklands Transition Services Pty Ltd.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

64. The decrease is due to the cessation of funding received in 2013-14 for the apprentice subsidy paid to Building and Asset Services and the cost of rent for the former Project Services and QBuild commercialised business unit premises vacated as part of the restructure to Building and Asset Services. These decreases are partially offset by a slight increase in funding in 2014-15 for the securing of employment for employees with a significant disability program.
65. The decrease is mainly due to the payment in 2013-14 to Building and Asset Services for reimbursement of costs associated with rent on premises vacated by the former Project Services and QBuild commercialised business unit as part of their restructure to Building and Asset Services.
66. The decrease is due to the final payment in 2013-14 of the apprentice subsidy program paid to Building and Asset Services.

Major variations between 2013-14 Estimated actual and the 2014-15 Budget include:

67. The decrease is mainly due to the:
- 2013-14 funding received for Building and Asset Services severance payments;
  - funding received in 2013-14 for the cost of rent on premises vacated by Project Services and QBuild commercialised business units as part of their restructure to Building and Asset Services; and
  - final apprentice subsidy program payment to Building and Asset Services in 2013-14.

68. The decrease is due to the receipt of funds in 2013-14 from the former Queensland Building Services Authority to be returned to the Consolidated Fund.
69. The decrease is mainly due to:
  - a payment in 2013-14 to Building and Asset Services for severance payments; and
  - a payment in 2013-14 to Building and Asset Services for the cost of rent on premises vacated by the former Project Services and QBuild commercialised business units as part of their restructure to Building and Asset Services.
70. The decrease is due to the final apprentice subsidy program payment in 2013-14 to Building and Asset Services.
71. The decrease is due to the loss in 2013-14 on transfer of Roma Street Parkland plant and equipment assets to City Parklands Transition Services Pty Ltd.
72. The operating loss in 2013-14 was due to the loss on transfer of Roma Street Parkland plant and equipment assets to City Parklands Transition Services Pty Ltd.

## Balance sheet

No major variances.

## Cash flow statement

Major variations between 2013–14 Adjusted budget and 2013–14 Estimated actual include:

73. The increase is due to higher than expected severance payment funding received in 2013-14 for Building and Asset Services and Sales and Distribution Services.
74. The increase is mainly due to the receipt of cash from the former Queensland Building Services Authority to be returned to the Consolidated Fund.
75. The increase is mainly due to reimbursement of the higher than expected severance payments to Building and Asset Services.
76. The increase is due to the return of cash received from the former Queensland Building Services Authority to the Consolidated Fund.
77. The increase is due to the reimbursement in 2013-14 of former Queensland Treasury Corporation loans relating to Sales and Distribution Services which were settled in June 2013.
78. The cash overdraft balance at 1 July 2013 was mainly a result of the settlement in 2012-13 of Queensland Treasury Corporation loans relating to Sales and Distribution Services whilst the reimbursement from the Consolidated Fund for the loan repayments was not received until 2013-14.

Major variations between 2013–14 Adjusted budget and 2014–15 Budget include:

79. The decrease is mainly due to final funding received in 2013-14 for the apprentice subsidy paid to Building and Asset Services and the funding for cost of rent related to the former Project Services and QBuild commercialised business units' premises vacated as part of the restructure to Building and Asset Services.
80. The decrease is due to a one-off payment in 2013-14 for reimbursement of costs incurred by Building and Asset Services relating to rent on premises which were vacated by Project Services and QBuild commercialised business units as part of their restructure to Building and Asset Services.
81. The decrease is due to the final payment to Building and Asset Services in 2013-14 for the apprentice subsidy program.

Major variations between 2013–14 Estimated actual and the 2014–15 Budget include:

82. The decrease is due to the:
  - funding received from the Consolidated Fund in 2013-14 for severance payments made in 2012-13 and 2013-14 relating to Building and Asset Services as well as severance payments relating to Sales and Distribution Services;
  - one-off funding received in 2013-14 for the cost of rent on premises vacated by the Project Services and QBuild commercialised business units as part of their restructure to Building and Asset Services; and
  - final funding received in 2013-14 for the apprentice subsidy program relating to Building and Asset Services.
83. The decrease is mainly due to the receipt of cash from the former Queensland Building Services Authority to be returned to the Consolidated Fund.

84. The decrease is mainly due to:
- a 2013-14 payment to Building and Asset Services for severance payments; and
  - a one off payment in 2013-14 for the cost of rent on premises vacated by the Project Services and QBuild commercialised business units as part of their restructure to Building and Asset Services in 2013-14.
85. The decrease is due to the final apprentice subsidy program payment to Building and Asset Services in 2013-14.
86. The decrease is due to the return of cash received from the former Queensland Building Services Authority to the Consolidated Fund in 2013-14.
87. The decrease is due to the reimbursement from the Consolidated Fund in 2013-14 of Queensland Treasury Corporation loans relating to Sales and Distribution Services which were settled in June 2013.
88. The cash overdraft balance at 1 July 2013 was mainly a result of the settlement in 2012-13 of Queensland Treasury Corporation loans relating to Sales and Distribution Services whilst the reimbursement from the Consolidated Fund for the loan repayments was not received until 2013-14.

# COMMERCIALISED BUSINESS UNITS

## BUILDING AND ASSET SERVICES

### OVERVIEW

#### Strategic direction

Building and Asset Services (BAS) delivers coordinated procurement and contract management of building services by providing value for money to Queensland Government agencies.

BAS supports government agencies to manage risks associated with owning and operating a range of existing asset portfolios and assists with planning, procuring and delivering new building infrastructure. Assistance is delivered by providing smart and simple solutions that deliver value in construction, asset and facilities management, procurement and contract management.

Key factors and challenges impacting on BAS include:

- improving capability in procurement and contract management of building related services, including implementing the category management approach to procurement
- improving engagement with suppliers and government agencies to better understand their capabilities and needs, with the objective of delivering better solutions
- further embedding a rigorous performance management culture across all aspects of the business and ensuring this culture is part of our contract management methodology
- seeking innovation from suppliers and assigning risk where it can be best managed, aimed at delivering superior value for money
- building flexibility to ensure efficient and effective delivery of the state's building capital works and maintenance programs
- improving our technology capability to gain greater efficiencies in delivering services
- working with our supplier base to provide maximum opportunities to support local employment and build regional capability and resilience
- delivering services and solutions in remote and Indigenous communities cost effectively.

### RESOURCES AND PERFORMANCE

In 2014–15, BAS will:

- deliver value for money by providing rigorous procurement and contract management and developing strong industry partnerships to support Procurement Transformation Program objectives
- continue to contract with the private sector on behalf of government agencies for professional and trade-based services with an objective of increasing the level of outsourcing to 90% in 2014–15
- progress with implementing a streamlined business model with a focus on simplifying business processes, reducing transaction volumes and identifying efficiencies by enhancing technological capacity to engage with both customers and industry suppliers.

In addition, BAS will deliver a number of significant initiatives that will enhance its operating model and help achieve the whole-of-Government direction and priorities, including:

- delivering savings by aggregating work across agencies in geographical locations to achieve economies of scale prior to contracting with the private sector
- delivering a pilot program in category management in the area of service maintenance

- maintaining a rapid response capacity to support disaster recovery, urgent after hours repairs, asbestos issues and vandalism impacting State Government facilities
- improving service delivery to customers by implementing web portal and electronic interface technology to improve operating effectiveness, efficiency and data accuracy
- providing procurement management of major hospital projects including the Lady Cilento Children's Hospital and redevelopment of hospitals including Cairns, Townsville, Rockhampton and rural and remote hospital infrastructure upgrades
- supporting the Department of Education, Training and Employment through project management, procurement and contract administration, to finalise the transition of Year 7 to high schools by completing delivery of 236 various Flying Start Infrastructure Program projects in preparation for the 2015 school year
- providing project management and contract management services in the delivery of new housing under the National Partnership Agreement for Remote Indigenous Housing (NPARIH)
- delivering the necessary training to apprentices through implementing outsource arrangements or through internal development.

In 2013–14 BAS:

- successfully operated following the amalgamation of QBuild and Project Services on 1 July 2013
- reduced corporate and overhead costs by \$72 million from 2011–12 costs by reducing employee, accommodation and services costs through the amalgamation of business units
- delivered an estimated \$467 million in statutory service maintenance and planned and unplanned maintenance services on Government assets, and delivered an estimated \$72 million of backlog maintenance through the Advancing Our Schools Maintenance Program
- delivered approximately \$168 million in construction and upgrade works on behalf of customers
- achieved savings of 5% through improved negotiation of contract pricing, and in South West Queensland increased average contract size from \$11,800 to \$198,000 thereby providing greater certainty to contractors and reduced contract tender costs
- delivered average procurement savings of 20% as compared with 2011–12 costs, on the \$72 million of expenditure under the Advancing Our Schools Maintenance Program
- increased contracting with the private sector on behalf of government agencies, with the current level of outsourcing at 88%
- provided procurement and project management support to Queensland Health to complete the Gold Coast University Hospital and the expansion and refurbishment of Ipswich Hospital
- provided project management and contract management services using innovative procurement strategies to deliver 175 new housing completions to achieve the state's commitments under the National Partnership Agreement on Remote Indigenous Housing
- completed 145 maintenance assessment reports for Queensland Rail, and delivered a master planning report for Queensland Rail's Sunshine Depot proposed future upgrade development
- entered into an agreement with Queensland Racing to project manage a number of capital projects
- maintained a rapid response capacity to support disaster recovery, urgent after hours repairs, asbestos issues and vandalism impacting state government facilities
- improved the workforce's negotiation skills through targeted training.

## STATEMENTS

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

<b>Building and Asset Services</b>	<b>Notes</b>	<b>2013-14 Adjusted Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>
	3	1,585	1,411	1,174

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Includes corporate FTEs allocated to Building and Asset Services.
3. Variance between 2013–14 Estimated actual and 2014–15 Budget is due to the exiting of contestable services and the streamlining of operations.

## Performance Statement

Building and Asset Services	Notes	2013-14 Target/Est.	2013-14 Est. Actual	2014-15 Target/Est.
<b>Service standards</b>				
Customer satisfaction	1	80%	82%	..
Gross profit as a percentage of sales	2	11.2	9.6	9.8
Net profit before tax and dividends as a percentage of sales	3	0.2	0.5	0.5
Current ratio	4	2.04:1	1.81:1	1.82:1
Percentage of savings from better procurement	5	New measure	New measure	20%

### Notes:

- No Target/estimate is available for 2014–15 as this is a biennial measure with the next survey to be undertaken in 2015–16.
- Variance between 2013–14 Target/estimate, 2013–14 Estimated actual and 2014–15 Target/estimate is due to:
  - 2013–14 budget assumptions around unplanned maintenance included an increase in pricing by 5% not realised given the current market
  - reclassification of the apprentices costs to cost of sales due to cessation of Community Service Obligation funding in 2013–14.
- Variance between 2013–14 Target/estimate, 2013–14 Estimated actual and 2014–15 Target/estimate is due to higher than expected net profit as a result of the streamlining of business operations.
- Variance between 2013–14 Target/estimate, 2013–14 Estimated actual and 2014–15 Target/estimate is due to higher volume of outsourced work at the end of the financial year ensuring customers' annual maintenance programs are delivered.
- This is a new service standard indicating efficiency and effectiveness in procurement transformation practices, which result in savings.



## INCOME STATEMENT

Building and Asset Services	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>Income</b>				
User charges and fees	1, 6, 12	684,440	778,364	734,559
Grants and other contributions	7	2,532	2,544	..
Interest		200	1,000	1,000
Other revenue	2, 13	6,416	17,517	4,081
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>693,588</b>	<b>799,425</b>	<b>739,640</b>
<b>Expenses</b>				
Employee expenses	8, 14	130,274	131,627	111,924
Supplies and services:				
- Outsourced service delivery		..	..	..
- Other supplies and services	3, 9, 15	555,851	660,433	619,736
Grants and subsidies		..	..	..
Depreciation and amortisation		3,915	3,295	3,216
Finance/borrowing costs	10	400	..	..
Other expenses		1,720	1,424	1,454
Losses on sale/revaluation of assets	4, 16	..	(1,480)	..
<b>Total expenses</b>		<b>692,160</b>	<b>795,299</b>	<b>736,330</b>
<b>Surplus or deficit before related income tax</b>	5, 11, 17	<b>1,428</b>	<b>4,126</b>	<b>3,310</b>
Income tax expense/revenue		623	1,237	993
<b>OPERATING SURPLUS/(DEFICIT) after related income tax</b>		<b>805</b>	<b>2,889</b>	<b>2,317</b>

## STATEMENT OF CHANGES IN EQUITY

Building and Asset Services	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'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		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		805	2,889	2,317
<b>Total recognised income and expense for the period</b>		<b>805</b>	<b>2,889</b>	<b>2,317</b>
Equity injection/(withdrawal)	18	112,003	..	..
Equity adjustments (inc. MoG transfers)	19, 20	..	114,328	..
Dividends paid or provided		(403)	(1,444)	(1,159)
<b>Total movement in equity for period</b>		<b>112,405</b>	<b>115,773</b>	<b>1,158</b>

## BALANCE SHEET

Building and Asset Services	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	21, 27, 32	45,340	66,075	80,729
Receivables	22, 28, 33	93,459	105,916	100,104
Other financial assets		..	..	..
Inventories		41,816	46,801	44,173
Other	23, 29	2,850	762	762
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>183,465</b>	<b>219,554</b>	<b>225,768</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	24, 30	2,175	1,525	1,139
Deferred tax assets		5,541	5,367	4,339
Intangibles		16,338	16,548	14,518
Other		..	..	..
<b>Total non-current assets</b>		<b>24,054</b>	<b>23,440</b>	<b>19,996</b>
<b>TOTAL ASSETS</b>		<b>207,519</b>	<b>242,994</b>	<b>245,764</b>
<b>CURRENT LIABILITIES</b>				
Payables	25, 31, 34	45,285	71,469	73,384
Current tax liabilities		..	829	665
Accrued employee benefits		3,185	5,707	3,316
Interest-bearing liabilities and derivatives		..	..	..
Provisions		1,428	3,181	3,181
Other		40,072	40,325	43,277
<b>Total current liabilities</b>		<b>89,970</b>	<b>121,511</b>	<b>123,823</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Deferred tax liabilities		4,744	5,547	4,847
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		400	163	163
<b>Total non-current liabilities</b>		<b>5,144</b>	<b>5,710</b>	<b>5,010</b>
<b>TOTAL LIABILITIES</b>		<b>95,114</b>	<b>127,221</b>	<b>128,833</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>112,405</b>	<b>115,773</b>	<b>116,931</b>
<b>EQUITY</b>				
Capital/contributed equity	26	112,003	114,328	114,328
Accumulated surplus/(accumulated deficit)		402	1,445	2,603
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>112,405</b>	<b>115,773</b>	<b>116,931</b>

## CASH FLOW STATEMENT

Building and Asset Services	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows</b>				
User charges and fees	35, 43	726,926	862,987	790,309
Grants and other contributions	40	2,532	2,544	..
Interest received		410	1,143	1,000
Other	36, 44	21,599	38,991	19,101
<b>Outflows</b>				
Employee costs	41, 45	(132,674)	(134,674)	(114,315)
Supplies and services	37	(605,645)	(752,335)	(676,821)
Grants and subsidies		..	..	..
Borrowing costs		(400)	..	..
Taxation equivalents paid		(172)	(2,950)	(829)
Other		(1,720)	(2,579)	(1,547)
<b>Net cash provided by/(used in) operating activities</b>		<b>10,856</b>	<b>13,127</b>	<b>16,898</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		(2,450)	(2,268)	(800)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(2,450)</b>	<b>(2,268)</b>	<b>(800)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows</b>				
Borrowings	38	25,000	..	..
Equity injections		..	..	..
<b>Outflows</b>				
Borrowing redemptions		(25,000)	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Dividends paid		(498)	(4,557)	(1,444)
<b>Net cash provided by/(used in) financing activities</b>		<b>(498)</b>	<b>(4,557)</b>	<b>(1,444)</b>
<b>Net increase/(decrease) in cash held</b>		<b>7,908</b>	<b>6,302</b>	<b>14,654</b>
<b>Cash at the beginning of financial year</b>	42	..	..	<b>66,075</b>
Cash transfers from restructure	39	37,432	59,773	..
<b>Cash at the end of financial year</b>		<b>45,340</b>	<b>66,075</b>	<b>80,729</b>

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

Major variations between 2013–14 Adjusted budget and 2013–14 Estimated actual include:

1. The increase is mainly due to additional work received from the Department of Housing and Public Works and other agencies.
2. The increase is mainly due to funds received towards the payments for voluntary redundancy packages.
3. The increase is mainly due to an increase in payments to contractors reflecting the higher volume of work and an increase in the amount of work outsourced to the private sector.
4. The decrease is mainly due to a reversal of impaired debts provision.
5. The increase is mainly due to improved profitability on the higher volume of work.

Major variations between 2013–14 Adjusted budget and 2014–15 Budget include:

6. The increase is due to the assumption that work received from the Department of Housing and Public Works and agencies will be higher than last year's budget.
7. The decrease is due to cessation of apprentice Community Service Obligation funding in 2013-14.
8. The decrease is mainly due to the continuing transformation of the business to procurement and contract management services leading to reductions of field and other staff.
9. The increase is mainly due to an increase in payments to contractors reflecting the higher volume of work and an increase in the amount of work outsourced to the private sector.
10. The decrease is mainly due to the business not utilising the working capital facility.
11. The increase is mainly due to improved profitability on the higher volume of work.

Major variations between 2013–14 Estimated actual and the 2014–15 Budget include:

12. The decrease is mainly due to the expectation of clients reducing works in 2014-15.
13. The decrease is mainly due to the one-off funds received towards the voluntary redundancies and rent commitments relating to vacated premises in 2013-14.
14. The decrease is mainly due to the one-off payments towards voluntary redundancy packages in 2013-14 and the continuous reduction in field and other staff resulting from the ongoing transformation of the business.
15. The decrease is mainly due to anticipated reduction in volume of work.
16. The increase is due to a reversal of impaired debts provision in 2013-14.
17. The decrease is mainly due to anticipated reduction in the volume of work.

### Statement of Changes in Equity

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

18. The decrease is due to the amalgamation of QBuild and Project Services into Building and Asset Services on 1 July 2013 with the opening equity balances transferred in being reclassified as Equity Adjustments (MoG Transfers).
19. The increase is due to the amalgamation of QBuild and Project Services into Building and Asset Services on 1 July 2013 with the opening equity balances transferred in being originally classified as Equity Injection, which is partly offset by the equity transfer relating to the transfer of the State Government Security function to the Departmental Entity.

Major variations between 2013-14 Estimated actual and the 2014-15 Budget include:

20. The decrease is due to the equity adjustment that occurred in 2013-14 as a result of the amalgamation of QBuild and Project Services to Building and Asset Services from 1 July 2013.

### Balance sheet

Major variations between 2013–14 Adjusted budget and 2013–14 Estimated actual include:

21. The increase is mainly due to cash balances at the start of the year being higher than originally budgeted when QBuild and Project Services amalgamated into Building and Asset Services.
22. The increase mainly reflects the greater volume of work and the subsequent impact on receivables.
23. The decrease is mainly due to lower prepayments to Queensland Government Insurance Fund made during the year.
24. The decrease is mainly due to transfer of assets owned by State Government Security to the Departmental Entity.

25. The increase mainly reflects the higher than expected volume of work performed and the subsequent impact on payables.
26. The increase is due to a higher than anticipated transfer of equity from the amalgamation of QBuild and Project Services into Building and Asset Services, partly offset by an equity withdrawal of net assets for State Government Security to the Departmental Entity.

Major variations between 2013–14 Adjusted budget and 2014–15 Budget include:

27. The increase is mainly due to cash balances at the start of the year being higher than originally budgeted when QBuild and Project Services amalgamated into Building and Asset Services.
28. The increase is due to the higher volume of outsourced work at the end of the financial year as a result of customers' annual maintenance programs being delivered in compressed timeframes.
29. The decrease is mainly due to lower prepayments to Queensland Government Insurance Fund being made in 2014-15.
30. The decrease is mainly due to assets owned by State Government Security being transferred to the Departmental Entity in 2013-14.
31. The increase is due to payments to contractors as a result of higher volume of outsourced work at the end of the financial year.

Major variations between 2013–14 Estimated actual and the 2014–15 Budget include:

32. The increase is mainly due to a reduction in receivables and inventories and a slight increase in payables.
33. The decrease is due to lower revenue and subsequent impact on receivables.
34. The increase is due to payments to contractors as a result of higher volume of outsourced work at the end of the financial year.

## Cash flow statement

Major variations between 2013–14 Adjusted budget and 2013–14 Estimated actual include:

35. The increase is mainly due to a higher volume of work.
36. The increase is due to the recovery of payments towards voluntary redundancy packages and higher than anticipated GST inflow from the Australian Taxation Office associated with a higher volume of outsourced work.
37. The increase in outflow is due to payments to contractors reflecting higher volume of work.
38. The reduction is due to the business not utilising the working capital facility.
39. The increase is due to the cash balances at the start of the year being higher than originally budgeted when QBuild and Project Services amalgamated into Building and Asset Services, which is partly offset by the cash transfer relating to the transfer of the State Government Security function to the Departmental Entity.

Major variations between 2013–14 Adjusted budget and 2014–15 Budget include:

40. The decrease is due to cessation of apprentice Community Service Obligation funding in 2013-14.
41. The decrease in outflows is mainly due to the continuing transformation of the business to procurement and contract management and a consequential reduction in field and other staff.
42. The increase is due to the amalgamation of QBuild and Project Services into Building and Asset Services occurred on 1 July 2013 with opening cash balance being recorded as transfers from restructure in 2013-14 Adjusted budget.

Major variations between 2013–14 Estimated actual and the 2014–15 Budget include:

43. The decrease is mainly due to lower revenue being anticipated.
44. The decrease is mainly due to an expected decrease in the one-off recovery of payments towards voluntary redundancy packages in 2013-14.
45. The decrease in outflow is due to the continuing transformation of the business to one that focuses on procurement and contract management leading to a reduction in field and other staff, in addition the quantum of voluntary redundancies is expected to decrease.



# Q-BUILD AND PROJECT SERVICES

## General note

QBuild and Project Services amalgamated to form Building and Asset Services on 1 July 2013. Building and Asset Services provides coordinated building services to Queensland Government agencies. The amalgamation has resulted in the cessation of QBuild as a trading and reporting entity. The Income Statement and Balance Sheet have not been disclosed as the balances are nil.

## STATEMENT OF CHANGES IN EQUITY

QBuild	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'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		..	..	..
<b>Net income recognised directly in equity</b>		..	..	..
Surplus/(deficit) for the period		..	..	..
<b>Total recognised income and expense for the period</b>		..	..	..
Equity injection/(withdrawal)	1	(75,192)	..	..
Equity adjustments (inc. MoG transfers)	1	..	(79,251)	..
Dividends paid or provided		..	..	..
<b>Total movement in equity for period</b>		<b>(75,192)</b>	<b>(79,251)</b>	..

## CASH FLOW STATEMENT

QBuild	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows</b>				
User charges and fees		..	..	..
Grants and other contributions		..	..	..
Interest received		..	..	..
Other		..	..	..
<b>Outflows</b>				
Employee costs		..	..	..
Supplies and services		..	..	..
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Taxation equivalents paid		..	..	..
Other		..	..	..
<b>Net cash provided by/(used in) operating activities</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/(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		..	..	..
Dividends paid		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		..	..	..
<b>Net increase/(decrease) in cash held</b>		..	..	..
<b>Cash at the beginning of financial year</b>	2	..	<b>41,140</b>	..
Cash transfers from restructure	3	..	(41,140)	..
<b>Cash at the end of financial year</b>		..	..	..



## **EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS**

### **General note**

QBuild and Project Services amalgamated to form Building and Asset Services on 1 July 2013. Building and Asset Services provides coordinated building services to Queensland Government agencies. The amalgamation has resulted in the cessation of QBuild as a trading and reporting entity. The Income Statement and Balance Sheet have not been disclosed as the balances are nil.

### **Statement of Changes in Equity**

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

1. The change is due to the amalgamation of QBuild and Project Services into Building and Asset Services on 1 July 2013 with a reclassification of the opening equity balance transfer.

### **Cash flow statement**

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

2. This represents the actual cash balance at the beginning of the year.
3. This represents the cash balance that transferred from QBuild to Building and Asset Services due to the amalgamation of QBuild and Project Services into Building and Asset Services on 1 July 2013.

## STATEMENT OF CHANGES IN EQUITY

Project Services	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'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		..	..	..
<b>Net income recognised directly in equity</b>		..	..	..
Surplus/(deficit) for the period		..	..	..
<b>Total recognised income and expense for the period</b>		..	..	..
Equity injection/(withdrawal)	1	(36,811)	..	..
Equity adjustments (inc. MoG transfers)	1	..	(39,728)	..
Dividends paid or provided		..	..	..
<b>Total movement in equity for period</b>		<b>(36,811)</b>	<b>(39,728)</b>	..

## CASH FLOW STATEMENT

Project Services	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows</b>				
User charges and fees		..	..	..
Grants and other contributions		..	..	..
Interest received		..	..	..
Other		..	..	..
<b>Outflows</b>				
Employee costs		..	..	..
Supplies and services		..	..	..
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Taxation equivalents paid		..	..	..
Other		..	..	..
<b>Net cash provided by/(used in) operating activities</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/(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		..	..	..
Dividends paid		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		..	..	..
<b>Net increase/(decrease) in cash held</b>		..	..	..
<b>Cash at the beginning of financial year</b>	2	..	<b>22,933</b>	..
Cash transfers from restructure	3	..	(22,933)	..
<b>Cash at the end of financial year</b>		..	..	..

## **EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS**

### **General note**

Project Services and QBuild amalgamated to form Building and Asset Services on 1 July 2013. Building and Asset Services provides coordinated building services to Queensland Government agencies. The amalgamation has resulted in the cessation of Project Services as a trading and reporting entity. The Income Statement and Balance Sheet have not been disclosed as the balances are nil.

### **Statement of Changes in Equity**

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

1. The change is due to the amalgamation of Project Services and QBuild into Building and Asset Services on 1 July 2013 with a reclassification of the opening equity balance transfer.

### **Cash flow statement**

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

2. This represents the actual cash balance at the beginning of the year.
3. This represents the cash balance that transferred from Project Services to Building and Asset Services due to the amalgamation of Project Services and QBuild into Building and Asset Services on 1 July 2013.

# QFLEET

## OVERVIEW

### Strategic direction

QFleet delivers value through effective management of a fleet of approximately 10,441 vehicles throughout the State, down from 13,806 as at 30 April 2012. 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, which enables government agencies to achieve their service delivery outcomes for the community.

Savings and efficiencies are achieved through aggregated procurement of vehicles and centralised, whole-of-Government fleet management based on total cost of ownership, risk management and performance outcomes. QFleet is also responsible for whole-of-Government fleet policy development and implementation.

Key factors impacting on QFleet include:

- identifying, analysing and minimising the government's exposure to risk and future vehicle values resulting from market volatility
- the size of the government motor vehicle fleet
- ensuring the Government's policy priorities are met, including cost minimisation, accountability and transparency while aligning the fleet mix with market demand at end-of-life.

## RESOURCES AND PERFORMANCE

In 2014–15, QFleet will continue to implement a range of initiatives, including:

- finalising a review of the vehicle fleet and relevant services to make recommendations to government about the best approach for future delivery
- continuing to work with semi-government organisations to identify procurement opportunities through contract access
- managing a vehicle fleet of more than 10,000 vehicles.

In 2013–14, QFleet:

- implemented arrangements with Brisbane and Toowoomba City Councils to enable them to take advantage of Government contracts
- instigated four to five-year vehicle leases where appropriate, based on utilisation levels, operating environment, manufacturer warranty terms and the used car market
- reduced the government fleet by 1,804 from April 2012, thereby saving \$50 million
- outsourced the vehicle remarketing and disposal services for the Queensland Government to the private sector, resulting in estimated savings of \$1.1 million as at 31 March 2014
- reviewed the utilisation rates of vehicles in agency pools operating in the Brisbane central business district and liaised with stakeholder agencies to increase the efficiency of pooling activity, improving the utilisation of the motor vehicle fleet
- transitioned Queensland Police Services data to QFleet's fleet management system and implemented aggregate vehicle procurement for the agency to improve fleet management of that agency's fleet
- undertook market sounding to better inform Government of the best model for fleet procurement, management and financing in the future.

## STATEMENTS

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

QFleet	Notes	2013-14 Adjusted Budget	2013-14 Est. Actual	2014-15 Budget
	3	55	49	49

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Includes corporate FTEs allocated to QFleet.
3. Variance between 2013–14 Adjusted budget, 2013–14 Estimated actual and 2014–15 Budget is due to natural attrition in 2013–14.

### Performance Statement

QFleet	Notes	2013-14 Target/Est.	2013-14 Est. Actual	2014-15 Target/Est.
<b>Service standards</b>				
Customer satisfaction	1, 2, 3	76%	..	..
Current ratio	4, 5	1.12:1	0.84:1	1.03:1
Return on net assets	6	8.9%	11.87%	8.18%
Gearing level	7	67%	61%	62%
Percentage of vehicle fleet utilisation compared to agreed lease parameters	8	New measure	New measure	90%

Notes:

1. No 2013–14 Estimated actual is available as the biennial survey is scheduled for completion in May 2013–14.
2. No 2014–15 Target/estimate is available as this is a biennial service standard with the next survey to be undertaken in 2015–16.
3. The wording of this service standard has been amended from 'client satisfaction' to 'customer satisfaction' to align to the Government's 'customer first' value.
4. Variance between 2013–14 Target/estimate and 2013–14 Estimated actual is lower than anticipated due to higher dividends and tax payable.
5. Variance between 2013–14 Estimated actual and 2014–15 Target/estimate is mainly due to an increase in inventory as a result of an increase in the number of motor vehicles held for sale at 30 June 2015 and lower dividends payable as a result of lower surpluses in 2014–15.
6. Variance between 2013–14 Target/estimate and 2013–14 Estimated actual is higher than anticipated due to higher profits during 2013-14 than originally budgeted mainly due to higher than expected profit on sale of motor vehicles and lower expenses.
7. Variance between 2013–14 Target/estimate and 2013–14 Estimated actual is lower than anticipated due to reduced long-term debt on Queensland Treasury Corporation borrowings.
8. This service standard measures the efficiency in utilising the motor vehicle fleet across government departments. The measure is based on the current active fleet and excludes heavy commercial vehicles, vehicles 90 days old and vehicles with no valid odometer reading. The service standard is based on current odometer readings represented as a percentage of the pro-rata lease package and measured during the lease.

## INCOME STATEMENT

QFleet	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>Income</b>				
User charges and fees	7,14	143,979	142,223	152,367
Grants and other contributions		..	..	..
Interest	1,8,15	83	189	12
Other revenue		370	370	370
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>144,432</b>	<b>142,782</b>	<b>152,749</b>
<b>Expenses</b>				
Employee expenses	2,16	5,532	4,394	4,885
Supplies and services:				
- Outsourced service delivery		..	..	..
- Other supplies and services	3,9,17	64,059	58,779	88,513
Grants and subsidies		..	..	..
Depreciation and amortisation	10,18	42,221	43,846	32,412
Finance/borrowing costs	4,11,19	11,701	9,611	7,050
Other expenses	5,12	9,832	8,203	8,306
Losses on sale/revaluation of assets		60	5	..
<b>Total expenses</b>		<b>133,405</b>	<b>124,838</b>	<b>141,166</b>
<b>Surplus of deficit before related income tax</b>	6,13,20	<b>11,027</b>	<b>17,944</b>	<b>11,583</b>
Income tax expense/revenue		3,308	5,383	3,475
<b>OPERATING SURPLUS/(DEFICIT) after related income tax</b>		<b>7,719</b>	<b>12,561</b>	<b>8,108</b>

## STATEMENT OF CHANGES IN EQUITY

QFleet	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'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		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period	21,23,25	7,719	12,561	8,108
<b>Total recognised income and expense for the period</b>		<b>7,719</b>	<b>12,561</b>	<b>8,108</b>
Equity injection/(withdrawal)		..	..	..
Equity adjustments (inc. MoG transfers)		..	..	..
Dividends paid or provided	22,24,26	(3,859)	(6,281)	(4,054)
<b>Total movement in equity for period</b>		<b>3,860</b>	<b>6,280</b>	<b>4,054</b>

## BALANCE SHEET

QFleet	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		500	454	500
Receivables	27,34,42	4,433	4,924	3,294
Other financial assets		..	..	..
Inventories	35,43	9,901	9,708	11,483
Other	28,44	3,996	4,823	4,206
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>18,830</b>	<b>19,909</b>	<b>19,483</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	29,36,45	232,014	208,153	223,010
Deferred tax assets		65	29	29
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>232,079</b>	<b>208,182</b>	<b>223,039</b>
<b>TOTAL ASSETS</b>		<b>250,909</b>	<b>228,091</b>	<b>242,522</b>
<b>CURRENT LIABILITIES</b>				
Payables	30,37	15,465	20,041	16,691
Current tax liabilities	31,38,46	637	2,588	985
Accrued employee benefits		565	571	571
Interest-bearing liabilities and derivatives	39	..	599	580
Provisions		..	..	..
Other		92	..	..
<b>Total current liabilities</b>		<b>16,759</b>	<b>23,799</b>	<b>18,827</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Deferred tax liabilities	32,40	4,831	6,674	6,674
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives	33,41,47	153,734	120,213	135,562
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>158,565</b>	<b>126,887</b>	<b>142,236</b>
<b>TOTAL LIABILITIES</b>		<b>175,324</b>	<b>150,686</b>	<b>161,063</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>75,585</b>	<b>77,405</b>	<b>81,459</b>
<b>EQUITY</b>				
Capital/contributed equity		26,095	26,095	26,095
Accumulated surplus/(accumulated deficit)		49,490	51,310	55,364
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>75,585</b>	<b>77,405</b>	<b>81,459</b>



## CASH FLOW STATEMENT

QFleet	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows</b>				
User charges and fees	48,57,66	163,335	154,114	170,233
Grants and other contributions		..	..	..
Interest received		174	169	62
Other	49,58,67	9,763	8,731	12,948
<b>Outflows</b>				
Employee costs	50,68	(5,532)	(3,852)	(4,885)
Supplies and services	51,59,69	(120,378)	(86,705)	(160,363)
Grants and subsidies		..	..	..
Borrowing costs	52,60,70	(11,823)	(10,037)	(7,069)
Taxation equivalents paid	53,61,71	(2,305)	(33)	(5,078)
Other	54,62,72	(9,832)	(8,142)	(14,870)
<b>Net cash provided by/ (used in) operating activities</b>		<b>23,402</b>	<b>54,245</b>	<b>(9,022)</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/(used in) investing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows</b>				
Borrowings	55,63,73	10,030	..	24,740
Equity injections		..	..	..
<b>Outflows</b>				
Borrowing redemptions	56,64,74	(29,480)	(55,800)	(9,391)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Dividends paid	65,75	(3,961)	(3,359)	(6,281)
<b>Net cash provided by/(used in) financing activities</b>		<b>(23,411)</b>	<b>(59,159)</b>	<b>9,068</b>
<b>Net increase/(decrease) in cash held</b>		<b>(9)</b>	<b>(4,914)</b>	<b>46</b>
<b>Cash at the beginning of financial year</b>		<b>509</b>	<b>5,368</b>	<b>454</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>500</b>	<b>454</b>	<b>500</b>

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

1. The increase in interest is mainly due to higher than anticipated cash balances during the year.
2. The decrease in employee expenses is mainly due to the reduction in FTEs as a result of vacancies.
3. The decrease in other supplies and services is mainly due to lower than anticipated operating expenses including motor vehicle expenses.
4. The decrease in finance and borrowing costs is mainly due to lower than anticipated borrowings from Queensland Treasury Corporation.
5. The decrease in other expenses is mainly due to lower registration and compulsory third party (CTP) expenses due to a reduced fleet size.
6. The increase in the surplus is mainly due to higher than anticipated profit on sale of motor vehicles and lower than anticipated expenses.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

7. The increase in user charges and fees is mainly due to higher proceeds on sale of motor vehicles as a result of a higher number of vehicles expected to be sold.
8. The decrease in interest is mainly due to lower than anticipated interest revenue on a reduced cash balance during the year.
9. The increase in other supplies and services is mainly due to a higher number of vehicles sold in 2014-15.
10. The decrease in depreciation and amortisation expenses is mainly due the extension of a higher number of vehicles to 4 year lease terms and a reduced fleet size.
11. The decrease in finance / borrowing costs is mainly due to lower interest rate and associated costs on reduced Queensland Treasury Corporation borrowings.
12. The decrease in other expenses is mainly due to lower registration and compulsory third party (CTP) expenses due to a reduced fleet size.
13. The increase in the surplus is mainly due to the number of vehicles sold being higher than budgeted in 2013-14 partially offset by a lower average profit on sale.

Major variations between 2013-14 Estimated actual and 2014-15 Budget include:

14. The increase in user charges and fees is mainly due to higher proceeds on sale of motor vehicles as a result of a higher number of vehicles expected to be sold.
15. The decrease in interest is mainly due to lower than anticipated interest revenue on a reduced average cash balance during the year.
16. The increase in employee expenses is mainly due to a full year impact of filling some vacant positions and an increase as a result of the Enterprise Bargaining agreement.
17. The increase in other supplies and services is mainly due to a higher expected volume of vehicle sales partially offset by the average vehicle having a lower written down value due to longer holding periods.
18. The decrease in depreciation and amortisation expenses is mainly due to the extension of higher number of vehicles to 4 year lease terms and reduced fleet size.
19. The decrease in finance / borrowing costs is mainly due to the impact of lower interest rate and associated costs on a reduced level of Queensland Treasury Corporation borrowings.
20. The decrease in the surplus is mainly due to the reduction in the lease revenue from a reduced fleet size partially offset by a lower profit on sale of motor vehicles.

### Statement of changes in equity

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

21. The increase in the surplus is mainly due to higher than anticipated profit on sale of motor vehicles and lower than anticipated overall operating expenses.
22. The increase in dividends paid is due to a higher than anticipated operating surplus.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

23. The increase in the surplus is mainly due to the number of vehicles sold in 2014-15 being higher than budgeted in 2013-14 partially offset by a lower average profit on sale.
24. The increase in dividends paid is mainly due to higher than anticipated operating surplus.

Major variations between 2013-14 Estimated actual and 2014-15 Budget include:

25. The decrease in the surplus is mainly due to the reduction in the lease revenue from a reduced fleet size partially offset by a lower profit on sale of motor vehicles.
26. The decrease in dividends paid is mainly due to lower than anticipated operating surplus.

## Balance sheet

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

27. The increase in receivables is mainly due to higher than anticipated revenue on end-of-life charges due to a greater volume of vehicles returned as at end of June 2014.
28. The increase in other current assets is mainly due to higher prepayments made for registration and CTP costs for an increase in vehicles purchased towards the end of the 2014 financial year.
29. The decrease in property, plant and equipment is due to a lower number of vehicles owned as a result of a reduced fleet size.
30. The increase in payables is mainly due to higher creditors as a result of the increase in motor vehicle purchases towards the end of the 2014 financial year and a higher dividend payable for the 2013-14 than originally budgeted.
31. The increase in current tax liabilities is mainly due to higher than anticipated tax payable in year 2013-14.
32. The increase in deferred tax liabilities is mainly due to the movement between the accounting depreciation and tax depreciation on motor vehicles.
33. The decrease in interest bearing liabilities is due to the part repayment of debt to Queensland Treasury Corporation.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

34. The decrease in receivables is mainly due to the decrease in average lease fee revenue as a result of extending the majority of leases to four years.
35. The increase in inventories is mainly due to the increase in the number of expected vehicles awaiting sale at year-end.
36. The decrease in property, plant and equipment is due to a lower number of vehicles owned as a result of a reduced fleet size.
37. The increase in payables is mainly due to higher creditors as a result of the anticipated increase of motor vehicle purchases made towards the end of the 2015 financial year.
38. The increase in current tax liabilities is mainly due to higher anticipated tax payable in year 2014-15.
39. The increase in interest bearing liabilities is due to a reclassification from Payables.
40. The increase in deferred tax liabilities is mainly due to the movement between the accounting depreciation and tax depreciation on motor vehicles.
41. The decrease in interest bearing liabilities is due to part repayment of debt to Queensland Treasury Corporation.

Major variations between 2013-14 Estimated actual and 2014-15 Budget include:

42. The decrease in receivables is due to the decrease in average lease fee revenue as a result of extending majority of leases to four years.
43. The increase in inventories is mainly due to a higher number of expected vehicles waiting sale at year end.
44. The decrease in other current assets is mainly due to lower prepayments made for registration and CTP costs due to a reduced fleet size.
45. The increase in property, plant and equipment is due to the average purchase price of vehicles being higher and the average age of vehicles reducing.
46. The decrease in current tax liabilities is mainly due to lower tax payable in year 2014-15 partially offset by quarterly NTER instalment payments.
47. The increase in interest bearing liabilities is due to higher cash requirements for the increase in motor vehicle purchases as a result of a high number of vehicles expected to be purchased towards year end together with a higher number of vehicles awaiting sale.

## Cash flow statement

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

48. The decrease in user charges and fees is mainly due to lower than anticipated lease revenue resulting from a reduction in fleet size.
49. The decrease in other inflows is mainly due to lower than anticipated Goods and Services Tax (GST) Input Tax Credits Receivable due to the smaller fleet size.
50. The decrease in employee costs is mainly due to the reduction in FTEs as a result of vacancies.
51. The decrease in supplies and services is mainly due to lower than anticipated purchase of motor vehicles in 2013-14.
52. The decrease in borrowing costs is mainly due to lower than anticipated interest rate and associated costs on reduced long term Queensland Treasury Corporation borrowings due to vehicle purchases being less than expected and the age of the vehicles being greater than expected.
53. The decrease in taxation equivalents paid is mainly due to an Income tax refund received for year 2012-13 partially offsetting the liability.
54. The decrease in other outflows is mainly due to lower registration and CTP expenses resulting from a reduced fleet size.
55. The decrease in borrowings is mainly due to lower than anticipated funds required for motor vehicle purchases in 2013-14.
56. The increase in borrowing redemptions is mainly due to higher than expected sales of vehicles resulting in higher than anticipated funds received from proceeds of sale of motor vehicles which was used to repay the Queensland Treasury Corporation long term borrowings.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

57. The increase in user charges and fees is mainly due to higher expected proceeds on sale of motor vehicles and associated GST Input Tax credits received from customers.
58. The increase in other inflows is mainly due to higher GST Input Tax credits expected to be received from Australian Taxation Office.
59. The increase in supplies and services is mainly due to a higher number of motor vehicle returns based on lease end dates resulting in increased purchases of motor vehicles in 2014-15 partially offset by a higher written down value on expected vehicle sales.
60. The decrease in borrowing costs is mainly due to lower than expected interest rate and associated costs paid on a reduced Queensland Treasury Corporation borrowings.
61. The increase in taxation equivalents paid is mainly due to income tax paid in 2014-15 based on 2013-14 estimated profits and NTER quarterly tax instalments based on budgeted revenues for 2014-15.
62. The increase in other outflows is due to higher GST paid due to increased motor vehicle purchases in 2014-15.
63. The increase in borrowings is due to higher cash requirements for the increase in the number of motor vehicle purchases as a result of higher vehicle returns based on lease end dates in the year 2014-15.
64. The decrease in borrowing redemptions is mainly due to reduced funds available for repayment of the Queensland Treasury Corporation borrowings due to cash being used to fund motor vehicle purchases.
65. The increase in dividends paid is due to higher anticipated operating profits in 2013-14 compared to 2012-13.

Major variations between 2013-14 Estimated actual and 2014-15 Budget include:

66. The increase in user charges and fees is due to higher proceeds on sale of motor vehicles in 2014-15.
67. The increase in other inflows is mainly due to higher GST input tax credits expected to be received in 2014-15 as result of higher proceeds on sale of motor vehicles.
68. The increase in employee costs is mainly due to budgeting to fill vacant positions coupled with enterprise bargaining agreement increase.
69. The increase in supplies and services is mainly due to higher number of motor vehicles expected to be purchased in 2014-15.
70. The decrease in borrowing costs is mainly due to lower than anticipated interest rate and associated costs on a reduced average long term Queensland Treasury Corporation borrowings.
71. The increase in taxation equivalents paid is mainly due to Income tax payable in 2014-15 for 2013-14, receiving a refund in 2013-14 for 2012-13 and NTER quarterly tax instalment paid in 2014-15 based on 2014-15 expected profits.
72. The increase in other outflows is due to higher GST paid resulting from an anticipated increase in motor vehicle purchases.

73. The increase in borrowings is due to higher cash requirements for the increase in motor vehicle purchases as a result of higher vehicle returns based on lease end dates in the year 2014-15.
74. The decrease in borrowing redemptions is mainly due to reduced funds available for repayment of the Queensland Treasury Corporation borrowings due to cash being used to fund motor vehicle purchases.
75. The increase in dividends paid is due to higher anticipated operating profits in 2013-14 compared to 2012-13.



# Department of Housing and Public Works

## Reporting Entity Financial Statements

Reporting Entity comprises:

- Department of Housing and Public Works (excluding administered);
- Building and Asset Services (including former QBuild and Project Services); and
- QFleet.

### REPORTING ENTITY INCOME STATEMENT

Department of Housing and Public Works	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>Income</b>				
Appropriation revenue	1, 7, 13	643,349	565,012	730,786
Taxes		..	..	..
User charges and fees		1,422,174	1,522,009	1,500,234
Royalties and land rents		..	..	..
Grants and other contributions	2, 8, 14	12,532	29,476	5,182
Interest		3,363	4,239	3,765
Other revenue	3, 15	20,428	32,871	16,701
Gains on sale/revaluation of assets		..	1,636	..
<b>Total income</b>		<b>2,101,846</b>	<b>2,155,243</b>	<b>2,256,668</b>
<b>Expenses</b>				
Employee expenses		319,465	314,115	294,912
Supplies and services:				
- Outsourced service delivery	4, 9, 16	..	148,524	175,250
- Other supplies and services	10	1,218,137	1,300,631	1,351,334
Grants and subsidies	5, 11, 17	353,111	107,634	211,831
Depreciation and amortisation		234,575	235,459	238,691
Finance/borrowing costs		29,734	30,576	28,906
Other expenses		25,605	24,940	21,472
Losses on sale/revaluation of assets		2,310	2,875	1,650
<b>Total expenses</b>		<b>2,182,937</b>	<b>2,164,754</b>	<b>2,324,046</b>
<b>Surplus or deficit before related income tax</b>	6, 12, 18	<b>(81,091)</b>	<b>(9,511)</b>	<b>(67,378)</b>
Income tax expense/revenue		3,931	6,620	4,468
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(85,022)</b>	<b>(16,131)</b>	<b>(71,846)</b>

## REPORTING ENTITY STATEMENT OF CHANGES IN EQUITY

Department of Housing and Public Works	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve	19, 24	..	37,295	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
<b>Net income recognised directly in equity</b>		..	<b>37,295</b>	..
Surplus/(deficit) for the period	6, 12, 18	(85,022)	(16,131)	(71,846)
<b>Total recognised income and expense for the period</b>		(85,022)	21,164	(71,846)
Equity injection/(withdrawal)	20, 22, 25	168,720	(54,020)	67,017
Equity adjustments (inc. MoG transfers)	21, 23, 26	4,991	(699)	529,091
Dividends paid or proposed		(4,262)	(7,725)	(5,213)
<b>Total movement in equity for period</b>		<b>84,427</b>	<b>(41,280)</b>	<b>519,049</b>



## REPORTING ENTITY BALANCE SHEET

Department of Housing and Public Works	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	27, 32, 36	178,570	207,161	247,182
Receivables	33	202,841	182,845	177,600
Other financial assets		4,000	1,000	1,000
Inventories	28	53,523	58,956	56,684
Other		43,764	46,648	47,389
Non-financial assets held for sale	29, 34, 37	64,564	116,139	94,533
<b>Total current assets</b>		<b>547,262</b>	<b>612,749</b>	<b>624,388</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		93,654	90,298	97,111
Other financial assets		192,553	198,031	198,031
Property, plant and equipment		17,112,609	17,177,536	17,673,606
Deferred tax assets		5,606	5,396	4,368
Intangibles		23,796	23,245	19,930
Other		..	..	..
<b>Total non-current assets</b>		<b>17,428,218</b>	<b>17,494,506</b>	<b>17,993,046</b>
<b>TOTAL ASSETS</b>		<b>17,975,480</b>	<b>18,107,255</b>	<b>18,617,434</b>
<b>CURRENT LIABILITIES</b>				
Payables		211,968	225,054	223,324
Current tax liabilities		637	3,417	1,650
Accrued employee benefits		10,698	11,298	9,188
Interest-bearing liabilities and derivatives		17,866	18,163	18,922
Provisions		1,428	3,181	3,181
Other		65,295	63,464	67,066
<b>Total current liabilities</b>		<b>307,892</b>	<b>324,577</b>	<b>323,331</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		683	1,305	815
Deferred tax liabilities		9,575	12,221	11,521
Accrued employee benefits		..	..	..
Interest-bearing liabilities and derivatives		564,064	594,901	588,467
Provisions		..	..	..
Other		750	163	163
<b>Total non-current liabilities</b>		<b>575,072</b>	<b>608,590</b>	<b>600,966</b>
<b>TOTAL LIABILITIES</b>		<b>882,964</b>	<b>933,167</b>	<b>924,297</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>17,092,516</b>	<b>17,174,088</b>	<b>17,693,137</b>
<b>EQUITY</b>				
Capital/contributed equity		15,933,110	15,652,120	16,248,228
Accumulated surplus/(accumulated deficit)	30, 38	285,864	351,909	274,850
Reserves:				
- Asset revaluation surplus	31, 35	873,542	1,170,059	1,170,059
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>17,092,516</b>	<b>17,174,088</b>	<b>17,693,137</b>

## REPORTING ENTITY CASH FLOW STATEMENT

Department of Housing and Public Works	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows</b>				
Appropriation receipts	50, 60	643,349	585,350	729,686
User charges and fees	39	1,543,245	1,718,751	1,629,949
Royalties and land rent receipts		..	..	..
Grants and other contributions	40,51,61	12,532	45,305	5,182
Interest received		3,664	4,362	3,815
Taxes		..	..	..
Other	41	265,183	292,700	285,131
<b>Outflows</b>				
Employee costs		(321,796)	(316,348)	(297,062)
Supplies and services	42, 52	(1,410,387)	(1,729,857)	(1,758,980)
Grants and subsidies	43,53,62	(353,111)	(114,101)	(211,831)
Borrowing costs		(29,856)	(31,002)	(28,925)
Taxation equivalents paid		(2,477)	(2,983)	(5,907)
Other		(218,888)	(224,397)	(226,057)
<b>Net cash provided by/(used in) operating activities</b>		<b>131,458</b>	<b>227,780</b>	<b>125,001</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows</b>				
Sales of non-financial assets	44,54,63	73,824	96,837	119,804
Investments redeemed		4,000	5,500	1,000
Loans and advances redeemed		25,970	25,970	28,200
<b>Outflows</b>				
Payments for non-financial assets	45, 55	(334,110)	(275,791)	(250,583)
Investments redeemed		(900)	(700)	(1,000)
Loans and advances made		(35,072)	(35,272)	(36,018)
<b>Net cash provided by/(used in) investing activities</b>		<b>(266,288)</b>	<b>(183,456)</b>	<b>(138,597)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows</b>				
Borrowings	46,56,64	35,030	..	24,740
Equity injections	47,57,65	215,803	77,915	155,216
<b>Outflows</b>				
Borrowing redemptions	58, 66	(77,516)	(78,435)	(25,026)
Finance lease payments		(1,323)	(4,901)	(5,389)
Equity withdrawals	48,59,67	(47,083)	(118,021)	(88,199)
Dividends paid		(4,459)	(7,916)	(7,725)
<b>Net cash provided by/(used in) financing activities</b>		<b>120,452</b>	<b>(131,358)</b>	<b>53,617</b>
<b>Net increase/(decrease) in cash held</b>		<b>(14,378)</b>	<b>(87,034)</b>	<b>40,021</b>
<b>Cash at the beginning of financial year</b>	49, 68	<b>192,891</b>	<b>295,905</b>	<b>207,161</b>
Cash transfers from restructure		57	(1,710)	..
<b>Cash at the end of financial year</b>		<b>178,570</b>	<b>207,161</b>	<b>247,182</b>

## EXPLANATION OF VARIANCES IN THE REPORTING ENTITY FINANCIAL STATEMENTS

From 1 July 2014 departments (excluding commercialised business units) will no longer be liable for payroll tax. To provide comparable cost forecasts across all periods, the 2013-14 Adjusted budget and the 2013-14 Estimated actual have been recast to reflect the removal of payroll tax from Employee expenses and an associated reduction has been made to Appropriation revenue. The 2013-14 Adjusted budget Appropriation revenue and Employee expenses have been reduced by \$7.544 million. The 2013-14 Estimated actual Appropriation revenue and Employee expenses have been reduced by \$7.533 million.

### Income statement

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

1. The decrease is mainly due to the:
  - deferral of funds for various building and information technology projects and initiatives from 2013-14 to 2014-15;
  - deferral of capital grant funding from 2013-14 to 2014-15 for the Indigenous Rural and Remote program for construction of Indigenous properties throughout the state;
  - funding deferral from 2013-14 to 2014-15 for the Base State funding for new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program;
  - National Partnership Agreement on Remote Indigenous Housing for infrastructure, employment related accommodation and social housing maintenance funding deferral from 2013-14 to 2014-15;
  - Homelessness programs current grants deferral from 2013-14 to 2014-15;
  - Base State funding for Crisis Accommodation Program capital grants deferral from 2013-14 to 2014-15;
  - deferral of funding from 2013-14 to 2014-15 for the National Rental Affordability Scheme funding for incentives to increase the supply of affordable rental housing; and
  - deferral of funding for survey costs administered by the Remote Indigenous Land and Infrastructure Program Office.

These decreases are partially offset by the deferral of funds for various building and information technology projects and initiatives from 2012-13 to 2013-14 and an Equity to Service Revenue swap for the National Partnership Agreement on Remote Indigenous Housing.
2. The increase is mainly due to:
  - funding received from the Residential Tenancies Authority for the Affordable Residential Accommodation Scheme; and
  - the deferral of Natural Disaster Relief and Recovery Arrangement funding from the Queensland Reconstruction Authority and cyclone shelter funding from 2012-13 to 2013-14.
3. The increase is mainly due to the reclassification of tenant make good from User charges and fees to other revenue and funds received from the Consolidated Fund for voluntary redundancy package payments in Building and Asset Services.
4. The increase is due to the reclassification of the majority of current grants to outsourced service delivery to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget was not recast for this change.
5. The decrease is mainly due to the:
  - reclassification of the majority of current grants to outsourced service delivery and other supplies and services to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget was not recast for this change;
  - net deferral of social housing programs from 2013-14 to 2014-15; and
  - transfer from State Funded Indigenous Housing Program capital grants to National Partnership Agreement on Remote Indigenous Housing Upgrades to assist with meeting the 2013-14 National Partnership Agreement on Remote Indigenous Housing Upgrade properties target of 308 upgrades.

These decreases are partially offset by the:

- deferral of some of the Gracemere Industrial Area infrastructure expenditure from 2012-13 to 2013-14; and
  - transfer of Australian Government funds from capital works to capital grants for the National Partnership Agreement on Remote Indigenous Housing infrastructure works program.
6. The reduction in the operating deficit before income tax is mainly due to the:
- increase in social housing rent revenue;
  - grants received from the Residential Tenancies Authority for the Affordable Residential Accommodation Scheme but not expended in 2013-14;
  - 10% efficiency saving in maintenance for social housing with no reduction in outputs implemented in 2013-14 as part of the Housing 2020 strategy;
  - transfer from State Funded Deed of Grants in Trust capital grants to National Partnership Agreement on Remote Indigenous Housing capital upgrades;
  - higher than anticipated profit on sale of motor vehicles coupled with an overall reduction in anticipated operating expenses relating to QFleet;
  - deferral of Cyclone Shelter construction funding for capital expenditure from 2012-13 to 2013-14;
  - funding in 2013-14 for voluntary retirement payments which were provisioned in June 2013;
  - higher volumes of works contracted to Building and Asset Services; and
  - revaluation increment for Rental Purchase Plan and Pathways Shared Equity Plan housing assets.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

7. The increase is mainly due to:
- the deferral of funding from 2013-14 to 2014-15 for various building and information technology projects and social housing programs;
  - increase in funding allocation for 2014-15 to match the increase in operating expenditure under the National Partnership Agreement on Remote Indigenous Housing; and
  - the deferral of funding relating to the Crisis Accommodation Program from 2013-14 to 2014-15.
- These increases are partially offset by the:
- finalisation of various building and information technology projects and programs in 2013-14; and
  - decreased funding in 2014-15 for the Ipswich office accommodation due to finalisation of the project.
8. The decrease is mainly due to:
- a reduction in grants from Residential Tenancies Authority for social and affordable housing initiatives; and
  - the cessation in 2013-14 of the apprentice subsidy program.
9. The increase is due to the reclassification of the majority of current grants to outsourced service delivery to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget has not been recast for this change.
10. The increase is mainly due to:
- an increase in payments by Building and Asset Services to contractors reflecting the higher volume of construction work and an increase in the amount of work outsourced to the private sector;
  - higher than anticipated number of vehicles sold by QFleet;
  - the increase in housing maintenance for National Partnership Agreement on Remote Indigenous Housing, Public Rental Housing and Aboriginal Torres Strait Islander Housing;
  - increase in information services costs for the replacement of the housing property and tenancy system;
  - the reclassification of the majority of current grants to supplies and services; and
  - 6% increase in social housing council rates and water charges.
11. The decrease is mainly due to:
- the reclassification of the majority of current grants to outsourced service delivery and other supplies and services to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget has not been recast for this change;
  - a decrease in 2014-15 capital grants for the Indigenous Rural and Remote program for construction of Indigenous properties throughout the state; and
  - finalisation of funding to the Indigenous Community Housing Organisations.

These decreases are partially offset by:

- an increase in capital grants expenditure under the National Partnership Agreement on Remote Indigenous Housing for Infrastructure;
- an increase in Australian Government funding to the Homelessness programs;
- an increase for new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program; and
- an increase for the National Rental Affordability Scheme incentives to increase the supply of affordable rental housing.

12. The reduction in the operating deficit before income tax is mainly due to the inclusion of a budget for 40 year lease property rent not included in the 2013-14 Adjusted budget and improved profitability of Building and Asset Services.

Major variations between 2013-14 Estimated actual and 2014-15 Budget include:

13. The increase is mainly due to:

- net deferrals from 2013-14 to 2014-15 relating to social housing;
- net equity to service revenue swap in 2014-15 for the National Partnership Agreement on Remote Indigenous Housing;
- increase in 2014-15 for the National Partnership Agreement on Remote Indigenous Housing;
- increased funding allocation in 2014-15 for new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program;
- increased funding in 2014-15 for the National Rental Affordability Scheme for incentives to increase the supply of affordable housing; and
- deferral of funding from 2013-14 to 2014-15 for the Crisis Accommodation Program.

14. The decrease is mainly due to:

- deferral of Natural Disaster Relief and Recovery Arrangement funding from the Queensland Reconstruction Authority and cyclone shelter funding from 2012-13 to 2013-14;
- reduction in grants in 2014-15 from the Residential Tenancies Authority for social and affordable housing initiatives; and
- the cessation in 2013-14 of the apprentice subsidy program.

15. The decrease is mainly due to the one-off funds received towards both the Building and Asset Services voluntary redundancy packages and rent commitments relating to vacating premises in 2013-14.

16. The increase is mainly due to increased program delivery in 2014-15 for the Homelessness and Home Assist Secure programs as well as the deferral of Rent Connect, Bond Guarantee and Housing and Employment program savings from 2013-14 to fund programs in 2014-15.

17. The increase is mainly due to:

- capital grants expenditure under the National Partnership Agreement on Remote Indigenous Housing for Infrastructure and deferrals from 2013-14 to 2014-15;
- increased funding in 2014-15 for new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust;
- a deferral of capital grant funding for the Rural and Remote capital grants for construction of Indigenous properties throughout the state from 2013-14 to 2014-15;
- National Rental Affordability Scheme growth in incentives to increase the supply of affordable rental housing; and
- increased funding in 2014-15 for Indigenous Community Housing Organisations and Remote Indigenous Land and Infrastructure Program Office.

18. The increase in the operating deficit before income tax is mainly due to:

- reduction in grants revenue from the Residential Tenancies Authority in 2014-15;
- reduction in the Kelvin Grove Urban Village net gain on sales due to the sales program finishing in 2013-14;
- net increase in social housing planned maintenance;
- deferral of Indigenous Community Housing Organisation grant expenditure from 2013-14 to 2014-15;
- 6% increase in social housing council rates and water charges;
- increase in Information Services costs for the replacement of the housing property and tenancy system;
- the reduction in lease revenue from a reduced fleet size and lower profit on sale of motor vehicles in 2014-15 relating to QFleet;

- the receipt of funding from the Consolidated Fund for the Departmental Entity in 2013-14 relating to voluntary retirement payments which were provisioned in June 2013; and
- the cyclone shelter construction grant funding for Queensland communities capitalised in 2013-14.

These increases are partially offset by an increase in social housing rent revenue and a decrease in impairment losses in 2014-15 relating to assets held for sale, bond loans and public housing rent.

### Statement of changes in equity

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

19. The increase is due to a net revaluation increment of Social Housing land and building assets.

20. The decrease is mainly due to :

- the return of net proceeds to the Consolidated Fund relating to the sale of the former Supreme and District Court sites at 300 George Street Brisbane and the property at 77 Grey Street South Brisbane;
- appropriation deferral from 2013-14 to 2014-15 for an Australian Government equity injection in relation to the National Partnership Agreement on Remote Indigenous Housing;
- an equity to service revenue swap for the National Partnership Agreement on Remote Indigenous Housing;
- net clawbacks from 2013-14 to 2012-13 for the Nation Building and Jobs program for Social Housing; and
- excess funding returned to the Australian Government in relation to the Nation Building and Jobs program savings.

These decreases are partially offset by the net deferral of capital works funding for the National Partnership Agreement on Remote Indigenous Housing.

21. The adjustment in the 2013-14 Estimated actual is mainly due to the transfer of State Government Security to the Public Safety Business Agency and the transfer of Roma Street Parkland plant and equipment from Controlled to Administered items.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

22. The decrease is mainly due to:

- the expected return of proceeds to the Consolidated Fund in 2014-15 relating to the sale of the old Townsville Government office building, former Sales and Distribution Services warehouse at Brendale (Brisbane North), Mackay Government office building and Kangaroo Point car park (Brisbane);
- an equity withdrawal paid to the Consolidated Fund associated with the net rent received on the Government Employee Houses transferring into the department on 1 July 2014; National Partnership Agreement on Remote Indigenous Housing funding based on the program of works which differs from 2013-14 to 2014-15, and an equity to service revenue swap in 2014-15 based on the reclassification of expenditure from capital to recurrent;
- a number of social housing programs finishing in 2013-14;
- net deferral of capital works funding from 2014-15 to out-years for the National Partnership Agreement on Remote Indigenous Housing;
- lower funding required for principal repayments on Queensland Treasury Corporation loans in 2014-15 mainly due to the final payment of the Moore Park State School loan in 2013-14; and
- the finalisation in 2013-14 of the Townsville Government office accommodation fitout and the new Cairns government office building as well as no further capital expenditure in 2014-15 for the Ipswich office accommodation project.

These decreases are partially offset by the deferral of equity funding related to social housing from 2013-14 to 2014-15 to manage available cash.

23. The increase is mainly due to the transfer of government employee housing assets into the department on 1 July 2014 partially offset by the transfer of the homelessness function from the Department of Communities to this department on 1 July 2013.

Major variations between 2013-14 Estimated actual and 2014-15 Budget include:

24. The decrease is due to a net revaluation increment for social housing land and building assets in 2013-14.

25. The increase is mainly due to:
- appropriation deferral from 2013-14 to 2014-15 for Australian Government equity injection in relation to the National Partnership Agreement on Remote Indigenous Housing;
  - the deferral of social housing equity funding from 2013-14 to 2014-15 to manage available cash;
  - the transfer of net proceeds from the sale of the former Supreme and District Court sites at 300 George Street Brisbane and the property at 77 Grey Street South Brisbane to the Consolidated Fund in 2013-14;
  - increased Australian Government funding for National Partnership Agreement on Homelessness for construction programs relating to Rough Sleepers, Women Escaping Domestic Violence and Young People Exiting State Care; and
  - increased funding for the Government House refurbishment and equitable access project in 2014-15.

These increases are partially offset by:

- National Partnership Agreement on Remote Indigenous Housing funding is based on the program of works which differs between 2013-14 and 2014-15;
  - net deferrals in social housing from 2012-13 to 2013-14;
  - an equity withdrawal paid to the Consolidated Fund associated with the net rent received on the Government Employee Houses transferring into the department on 1 July 2014; the estimated return of proceeds to the Consolidated Fund in 2014-15 relating to the sale of the old Townsville Government office building, former Sales and Distribution Services warehouse at Brendale (Brisbane North), Mackay Government office building and Kangaroo Point car park (Brisbane);
  - a number of social housing programs finishing in 2013-14;
  - net deferral of capital works funding from 2014-15 to out-years for the National Partnership Agreement on Remote Indigenous Housing;
  - equity to service revenue swap in 2014-15 for the National Partnership Agreement on Remote Indigenous Housing;
  - lower equity funding required for principal repayments on Queensland Treasury Corporation loans in 2014-15 mainly due to the final payment of the Moore Park State School loan in 2013-14; and
  - finalisation of the Townsville Government office accommodation fitout and new government office buildings in Cairns and Thursday Island in 2013-14 as well as no further capital expenditure in 2014-15 for the Ipswich office accommodation project.
26. The increase is mainly due to the transfer of government employee housing assets into the department on 1 July 2014.

## Balance sheet

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

27. The increase is mainly due to:
- higher than anticipated Building and Asset Services cash balances at 1 July 2013 upon the amalgamation of QBuild and Project Services; and
  - additional government employee housing assets sales.
28. The increase is mainly due to higher construction work in progress relating to Building and Asset Services.
29. The increase is mainly due to the expected sale in 2014-15 of the old government office buildings in Townsville, Ipswich and Mackay, the former Sales and Distribution Services warehouse at Brendale (Brisbane North), the Kangaroo Point car park (Brisbane) and the former Mackay Building and Asset Services regional office as well as an increase in Public Rental Housing assets held for sale at 30 June 2014 ready for sale in 2014-15.
30. The increase is mainly due to the estimated actual deficit for 2013-14 being less than budgeted and therefore favourable to the Adjusted budget.
31. The increase is mainly due to higher than expected actual balance at 1 July 2013 largely relating to social housing properties.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

32. The increase is mainly due to:
- higher than anticipated Building and Asset Services cash balance at 1 July 2013 from the amalgamation of QBuild and Project Services;
  - additional social housing rent revenue;

- the inclusion of 40 year lease property rent; and
  - proposed government employee housing assets sales.
33. The decrease is mainly due to the receipt of outstanding Natural Disaster Relief and Recovery Arrangement claims in 2013-14, a reduction in Goods and Services Input Tax Credit Receivables from the Australian Taxation Office and other Housing Services sundry receivables partially offset by an increase in Operating receivable for Social Housing Property Damage Recoveries and rent and the additional government employee housing leases in 2014-15.
34. The increase is mainly due to a transfer from property, plant and equipment for social housing properties held for sale and the expected sale of a number of government properties.
35. The increase is mainly due to higher balance at 1 July 2013 largely relating to social housing properties.

Major variations between 2013-14 Estimated actual and 2014-15 Budget include:

36. The increase is mainly due to additional social housing rent revenue.
37. The decrease is mainly due to the expected sale in 2014-15 of the old government office buildings in Townsville, Ipswich and Mackay, the former Sales and Distribution Services warehouse at Brendale, Brisbane North, the Kangaroo Point, Brisbane car park and the former Building and Asset Services Mackay regional office partially offset by the anticipated sale in 2015-16 of the former Building and Asset Services depot at 32 Cribb Street Milton, Brisbane which is therefore recorded as an asset held for resale at 30 June 2015.
38. The decrease is due to the 2014-15 operating deficit and dividends proposed for 2014-15.

### Cash flow statement

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

39. The increase is mainly due to an increase in GST collected on sales and higher volumes of work through Building and Asset Services.
40. The increase is mainly due to:
- additional funding received from the Residential Tenancies Authority for the Affordable Residential Accommodation Scheme;
  - receipt of Natural Disaster Relief and Recovery Arrangement funding relating to social housing; and
  - the deferral of Natural Disaster Relief and Recovery Arrangement funding from the Queensland Reconstruction Authority and cyclone shelter funding from 2012-13 to 2013-14.
41. The increase is mainly due to the reclassification of tenant make good from User charges and fees to other revenue, additional Goods and Services Input Tax Credits received from the Australian Taxation Office and funds received from the Consolidated Fund through Administered items by Building and Asset Services for voluntary redundancy package payments.
42. The increase is mainly due to:
- reclassification of the majority of current grants as outsourced service delivery and other supplies and services to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget has not been recast for this change;
  - payments to contractors reflecting the higher volume of construction work relating to Building and Asset Services;
  - decrease in actual building operating payables outstanding at 1 July 2013;
  - increase in GST paid on purchases; and
  - the deferral of building and information technology projects and initiatives from 2012-13 to 2013-14.
- These increases are partially offset by the deferral of building and information technology projects and initiatives from 2013-14 to 2014-15, lower than anticipated purchase of motor vehicles by QFleet in 2013-14 coupled with associated GST costs and a 10% efficiency saving in the social housing maintenance budget allocation as part of the Housing 2020 strategy.
43. The decrease is mainly due to the:
- reclassification of the majority of current grants as outsourced service delivery and other supplies and services to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget has not been recast for this change;
  - net deferrals from 2013-14 to 2014-15 relating to social housing; and



- transfer from State funded Indigenous Housing Program capital grants (upgrades) to National Partnership Agreement on Remote Indigenous Housing Upgrades (capital works) to assist with meeting the 2013-14 properties' target for National Partnership Agreement on Remote Indigenous Housing Upgrades of 308 properties.

These decreases are partially offset by the:

- decrease in affordable housing grants payable actual balance at 1 July 2013; and
- deferral of some of the Gracemere Industrial Area infrastructure expenditure from 2012-13 to 2013-14.

44. The increase is mainly due to a higher Public Rental Housing Land and Dwelling Sales Program and additional government employee housing asset sales.

45. The decrease is mainly due to:

- net deferrals from 2013-14 to 2014-15 relating to social housing;
- a decrease in the upgrades budget allocation through efficiency savings as part of the Housing 2020 strategy; and
- transfers from capital works to operating expenditure relating to the National Partnership Agreement on Remote Indigenous Housing.

These decreases are partially offset by the:

- transfer from capital grants in relation to the State contribution to the National Partnership Agreement on Remote Indigenous Housing;
- increased funding for the National Partnership Agreement on Homelessness for construction programs relating to Rough Sleepers, Women Escaping Domestic Violence and Young People Exiting State Care;
- decrease in social housing capital works actual payables balance at 1 July 2013; and
- deferral of building projects from 2012-13 to 2013-14.

46. The decrease is mainly due to Building and Asset Services not utilising the working capital facility and no funding required for motor vehicles purchased by QFleet as a result of the continued reduction in fleet size.

47. The decrease is mainly due to:

- appropriation deferral from 2013-14 to 2014-15 for an Australian Government equity injection in relation to the National Partnership Agreement on Remote Indigenous Housing;
- net clawbacks to 2012-13 for the Nation Building and Jobs program; and
- Nation Building and Jobs funding returned to the Australian Government due to project savings.

These decreases are partially offset by:

- the deferral of various building projects from 2012-13 to 2013-14; and
- the net deferrals of capital works funding for the National Partnership Agreement on Remote Indigenous Housing partially offset by an equity to service revenue swap in 2013-14 for the National Partnership Agreement on Remote Indigenous Housing.

48. The increase is mainly due to the return of net proceeds to the Consolidated Fund relating to the sale of the former Supreme and District Court sites at 300 George Street Brisbane and the property at 77 Grey Street South Brisbane.

49. The increase is mainly due to the receipt of sale proceeds in 2012-13 for the former Supreme and District Court sites at 300 George Street Brisbane and the property at 77 Grey Street South Brisbane which were returned to the Consolidated Fund in 2013-14 and higher actual QBuild and Project Services cash balances amalgamated into Building and Asset Services on 1 July 2013.

Major variations between 2013-14 Adjusted budget and 2014-15 Budget include:

50. The increase is mainly due to:

- the deferral of funding from 2013-14 to 2014-15 for various building and information technology projects and social housing programs;
- increase in cash funding for the National Partnership Agreement on Remote Indigenous Housing; and
- the deferral of funding relating to the Crisis Accommodation Program from 2013-14 to 2014-15.

These increases are partially offset by the:

- finalisation of various building and information technology projects and programs in 2013-14; and
- decreased funding in 2014-15 on account of the Ipswich office accommodation being finalised.

51. The decrease is mainly due to:
- a reduction in grants from Residential Tenancies Authority for social and affordable housing initiatives;
  - no funding expected under the Natural Disaster Relief and Recovery Arrangements; and
  - the cessation in 2013-14 of the apprentice subsidy program.
52. The increase is mainly due to:
- reclassification of the majority of current grants as outsourced service delivery and other supplies and services to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget has not been recast for this change;
  - a higher number of motor vehicle returns to QFleet based on lease end dates resulting in higher purchases of motor vehicles in 2014-15;
  - increase in GST paid on purchases for the Departmental Entity;
  - additional property related costs in 2014-15 due to around 2,300 additional government employee housing assets being transferred into the department on 1 July 2014;
  - increase in maintenance for National Partnership Agreement on Remote Indigenous Housing, Public Rental Housing and Aboriginal Torres Strait Islander Housing;
  - additional costs in 2014-15 to engage external partners for implementation of new work practices during the transition to a new procurement operating model;
  - 6% increase in social housing council rates and water charges; and
  - establishment expenditure for the social housing outsourcing program and contracts office in respect to the Robina and the Logan Renewal initiatives.
53. The decrease is mainly due to:
- reclassification of the majority of current grants as outsourced service delivery and other supplies and services to provide greater transparency in the 2013-14 Estimated actual and 2014-15 Budget. The 2013-14 Adjusted budget has not been recast for this change.
- These decreases are partially offset by the:
- new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program; and
  - National Rental Affordability Scheme incentives to increase the supply of affordable rental housing.
54. The increase is mainly due to higher sales forecast in the Social Housing Dwelling Sales in 2014-15, government employee housing asset sales in 2014-15 and the expected sale in 2014-15 of the old government office buildings in Townsville, Ipswich and Mackay, the former Sales and Distribution Services warehouse at Brendale (Brisbane North), the Kangaroo Point car park (Brisbane) and the former Mackay Building and Asset Services regional office. This increase is partially offset by the one off Fitzgibbon Land sale in 2013-14.
55. The decrease is mainly due to the:
- finalisation in 2013-14 of the Townsville Office Accommodation fitout and the new Cairns government office building as well as no further capital expenditure in 2014-15 for the Ipswich office accommodation initiative;
  - decrease in investment under the National Partnership Agreement on Remote Indigenous Housing Program due to the refurbishment program being completed; and
  - a number of housing programs ceasing in 2013-14.
- These decreases are partially offset by:
- a net increase in the construction for Social Housing Dwellings mainly due to the commencement of an additional 195 dwelling in 2014-15;
  - increase in social housing land purchases for future construction needs;
  - construction programs relating to Rough Sleepers, Women Escaping Domestic Violence and Young People Exiting State Care relating to the National Partnership Agreement on Homelessness.
56. The decrease is mainly due to Building and Asset Services not utilising the working capital facility partially offset by higher cash requirements for QFleet relating to an increase in motor vehicle purchases as a result of higher vehicle returns in 2014-15.
57. The decrease is mainly due to:
- lower funding allocation for the National Partnership Agreement on Remote Indigenous Housing in 2014-15 due to the completion of the refurbishment program;
  - a number of social housing programs finishing in 2013-14;

- net deferrals from 2014-15 to out-years for the National Partnership Agreement on Remote Indigenous Housing;
- an equity to service revenue swap in 2014-15 for the National Partnership Agreement on Remote Indigenous Housing;
- lower funding required for principal repayments on Queensland Treasury Corporation loans in 2014-15 mainly as a result of the repayment of the Moore Park State School loan in 2013-14; and
- the finalisation in 2013-14 of the Townsville Office Accommodation fitout as well as no further capital expenditure in 2014-15 for the Ipswich office accommodation initiative.

This decrease is partially offset by:

- deferral of equity funding from 2013-14 to 2014-15 to manage available cash; and
- new funding for the Government House refurbishment and equitable access project.

58. The decrease is mainly due to the final payment on a number of loans with Queensland Treasury Corporation during 2013-14 relating to Public Works; Building and Asset Services not utilising the working capital facility; and reduced funds available to QFleet for repayment of the Queensland Treasury Corporation long term loan due to cash being used to fund motor vehicle purchases.
59. The increase is mainly due to the return of proceeds to the Consolidated Fund relating to the expected sale in 2014-15 of the old government office buildings in Townsville and Mackay, the former Sales and Distribution Services warehouse at Brendale (North Brisbane), the Kangaroo Point car park (Brisbane) and the Ipswich Court House as well as an equity withdrawal paid to the Consolidated Fund associated with the net rent received on the Government Employee Houses transferring to the department on 1 July 2014.

Major variations between 2013-14 Estimated actual and 2014-15 Budget include:

60. The increase is mainly due to:
- net social housing deferrals for funding under the National Affordable Housing Agreement from 2013-14 to 2014-15;
  - net equity to service revenue swap in 2014-15 for the National Partnership Agreement on Remote Indigenous Housing;
  - increased funding allocation in 2014-15 for housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program and the National Rental Affordability Scheme for incentives to increase the supply of affordable housing;
  - increased funding in 2014-15 for Homelessness and Crisis Accommodation programs; and
  - increase in 2014-15 funding for the National Partnership Agreement on Remote Indigenous Housing.

These increases are partially offset by an appropriation receivable at 30 June 2013 paid in 2013-14 relating to the Departmental Entity and a reduction in appropriation required as a result of the net rent received from the additional government employee houses transferred to the department on 1 July 2014.

61. The decrease is due to:
- a reduction in grants from the Residential Tenancies Authority for social and affordable housing initiatives;
  - funding received in 2013-14 from the Queensland Reconstruction Authority for cyclone shelter construction and Natural Disaster Relief and Recovery Arrangement funds; and
  - the cessation of the apprentice Community Service Obligation funding in 2013-14.
62. The increase is mainly due to:
- increased funding allocation in 2014-15 for the National Partnership Agreement on Remote Indigenous Housing for infrastructure;
  - new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust;
  - Rural and Remote capital grants for construction of Indigenous properties throughout the state; and
  - National Rental Affordability Scheme incentives to increase the supply of affordable rental housing.
63. The increase is mainly due to additional government employee housing asset sales in 2014-15, the expected sale in 2014-15 of the old government office buildings in Townsville, Ipswich and Mackay, the former Sales and Distribution Services warehouse at Brendale (North Brisbane), the Kangaroo Point car park (Brisbane) car park and the former Mackay Building and Asset Services regional office partially offset by the one off Fitzgibbon Land sale in 2013-14.

64. The increase is due to higher cash requirements by QFleet for the increase in motor vehicle purchases as a result of higher vehicle returns based on lease end dates in 2014-15.
65. The increase is mainly due to:
- an Australian Government equity injection appropriation deferral from 2013-14 to 2014-15 and out-years in relation to the National Partnership Agreement on Remote Indigenous Housing;
  - an equity to service revenue swap in 2013-14 for the National Partnership Agreement on Remote Indigenous Housing, partially offset by the program of works which differs between 2013-14 and 2014-15 and an equity to service revenue swap in 2014-15 based on the reclassification of expenditure; and
  - new funding for the Government House refurbishment and equitable access project.
- These increases were partially offset by:
- a number of housing programs finishing in 2013-14;
  - net deferrals of capital works funding from 2014-15 to out-years for the National Partnership Agreement on Remote Indigenous Housing;
  - net deferrals from 2012-13 to 2013-14 relating to social housing;
  - the deferral of various building projects from 2012-13 to 2013-14; and
  - lower funding required for principal repayments on Queensland Treasury Corporation loans relating to Public Works in 2014-15, the finalisation of the Townsville Government office accommodation fitout and the new Cairns government office building in 2013-14 as well as no further capital expenditure in 2014-15 for the Ipswich office accommodation project.
66. The decrease is mainly due to reduced funds available for repayment of the Queensland Treasury Corporation long term loan due to cash being used to fund motor vehicle purchases for QFleet and the final payment on a number of building related loans with Queensland Treasury Corporation during 2013-14.
67. The decrease is mainly due to the return in 2013-14 of net proceeds to the Consolidated Fund relating to the sale of the former Supreme and District Court sited at 300 George Street Brisbane and the property at 77 Grey Street South Brisbane partially offset by the return in 2014-15 of proceeds to the Consolidated Fund relating to the expected sale of the old government office buildings in Townsville and Mackay, the former Sales and Distribution Services warehouse at Brendale (North Brisbane), the Kangaroo Point car park (Brisbane) and the Ipswich Court House as well as an equity withdrawal paid to the Consolidated Fund associated with the net rent received on the Government Employee Houses transferring into the department on 1 July 2014.
68. The decrease is mainly due to the receipt of sale proceeds in 2012-13 for the former Supreme and District Court sites at 300 George Street Brisbane and the property at 77 Grey Street South Brisbane which were returned to the Consolidated Fund in 2013-14.

# STATUTORY BODIES

## QUEENSLAND BUILDING SERVICES AUTHORITY

### AGENCY OVERVIEW

#### Strategic direction

The Queensland Building Services Authority was a statutory body established under the *Queensland Building Services Authority Act 1991* (the Act). The Authority provided a comprehensive licensing regime for the building industry and performed regulatory functions under the Act including compliance activities, complaints management, administration of the Queensland Home Warranty Scheme, and the provision of consumer and contractor education. The Authority also administered the *Building and Construction Industry Payments Act 2004*, the *Subcontractors' Charges Act 1974* and the *Domestic Building Contracts Act 2000*.

The Authority ceased operations on 30 November 2013, and functions were transitioned to the new statutory body, the Queensland Building and Construction Commission.

## STATEMENTS

### Staffing<sup>1</sup>

<b>Queensland Building Services Authority</b>	<b>Notes</b>	<b>2013-14 Adjusted Budget</b>	<b>2013-14 Est. Actual</b>	<b>2014-15 Budget</b>
	2	345	..	..

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Variance between 2013–14 Adjusted budget, 2013–14 Estimated actual and 2014–15 Budget is due to the cessation of the Queensland Building Services Authority operations on 30 November 2013.

## INCOME STATEMENT

Queensland Building Services Authority	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>Income</b>				
User charges and fees	1	97,427	47,308	..
Grants and other contributions		..	..	..
Interest	2	13,442	10,141	..
Other revenue	3	47,863	14,984	..
Gains on sale/revaluation of assets		(3)	..	..
<b>Total income</b>		<b>158,729</b>	<b>72,433</b>	<b>..</b>
<b>Expenses</b>				
Employee expenses	4	33,119	12,497	..
Supplies and services:				
- Outsourced service delivery		..	..	..
- Other supplies and services	5	14,419	8,494	..
Grants and subsidies		..	..	..
Depreciation and amortisation	6	1,577	745	..
Finance/borrowing costs		..	..	..
Other expenses	7	102,994	37,225	..
Losses on sale/revaluation of assets	8	3,254	1,333	..
<b>Total expenses</b>		<b>155,363</b>	<b>60,294</b>	<b>..</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>3,366</b>	<b>12,139</b>	<b>..</b>

## STATEMENT OF CHANGES IN EQUITY

Queensland Building Services Authority	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'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		..	(66,340)	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>(66,340)</b>	<b>..</b>
Surplus/(deficit) for the period		3,366	12,139	..
<b>Total recognised income and expense for the period</b>		<b>3,366</b>	<b>(54,201)</b>	<b>..</b>
Equity injection/(withdrawal)		..	..	..
Equity adjustments (inc. MoG transfers)		..	..	..
<b>Total movement in equity for period</b>		<b>3,366</b>	<b>(54,201)</b>	<b>..</b>

## BALANCE SHEET

Queensland Building Services Authority	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		20,458	..	..
Receivables		50,776	..	..
Other financial assets		157,408	..	..
Inventories		..	..	..
Other		20,834	..	..
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>249,476</b>	..	..
<b>NON-CURRENT ASSETS</b>				
Receivables		146,467	..	..
Other financial assets		..	..	..
Property, plant and equipment		5,318	..	..
Intangibles		4,856	..	..
Other		210	..	..
<b>Total non-current assets</b>		<b>156,851</b>	..	..
<b>TOTAL ASSETS</b>		<b>406,327</b>	..	..
<b>CURRENT LIABILITIES</b>				
Payables		28,538	..	..
Accrued employee benefits		2,587	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		46,756	..	..
Other		29,365	..	..
<b>Total current liabilities</b>		<b>107,246</b>	..	..
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		4,239	..	..
Interest-bearing liabilities and derivatives		..	..	..
Provisions		249,599	..	..
Other		632	..	..
<b>Total non-current liabilities</b>		<b>254,470</b>	..	..
<b>TOTAL LIABILITIES</b>		<b>361,716</b>	..	..
<b>NET ASSETS/(LIABILITIES)</b>		<b>44,611</b>	..	..
<b>EQUITY</b>				
Capital/contributed equity		..	..	..
Accumulated surplus/(accumulated deficit)		44,611	..	..
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>44,611</b>	..	..



## CASH FLOW STATEMENT

Queensland Building Services Authority	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows</b>				
User charges and fees	9	95,671	53,629	..
Grants and other contributions		..	..	..
Interest received	10	200	66	..
Taxes		..	..	..
Other	11	34,183	15,887	..
<b>Outflows</b>				
Employee costs	12	(33,587)	(12,710)	..
Supplies and services	13	(17,363)	(11,873)	..
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	14	(73,662)	(38,018)	..
<b>Net cash provided by/(used in) operating activities</b>		<b>5,442</b>	<b>6,981</b>	<b>..</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows</b>				
Sales of non-financial assets	15	236	127	..
Investments redeemed	16	..	297	..
Loans and advances redeemed		..	..	..
<b>Outflows</b>				
Payments for non-financial assets	17	(2,481)	(1,450)	..
Payments for investments	18	(2,204)	..	..
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(4,449)</b>	<b>(1,026)</b>	<b>..</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>993</b>	<b>5,955</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>19,465</b>	<b>19,655</b>	<b>..</b>
Cash transfers from restructure		..	(25,610)	..
<b>Cash at the end of financial year</b>		<b>20,458</b>	<b>..</b>	<b>..</b>

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### General note:

The Queensland Services Building Authority ceased operations on 30 November 2013 and functions were transitioned to the new statutory body, Queensland Building and Construction Commission. The 2013-14 Adjusted budget represents a full year of operations. The 2013-14 Estimated actual represents only five months of trading. As a result it is not practical to provide an explanation of variances against these different periods.

### Income statement

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

1. Income for 5 months above budget due to increased insurance premiums and a reduction in future claims.
2. Above budget for 5 months due to higher returns on QIC investments.
3. Under budget due to decreased provision for Reinsurers' share of future insurance claims.
4. Under budget for 5 months due to unfilled positions and lower provision expense for Long Service Leave.
5. Over budget for 5 months -\$1.45million grant returned to Queensland Treasury and Trade.
6. No variance for 5 months.
7. Under budget for 5 months due to reduced insurance claims paid and lower provision expense for future claims.
8. Under budget for 5 months not material.

### Cash flow statement

Major variations between 2013-14 Adjusted budget and 2013-14 Estimated actual include:

9. Cash flow for 5 months above budget due to increased insurance premiums paid as building industry recovers.
10. Under budget for 5 months due to lower interest rates.
11. Variance for 5 months not material.
12. Variance for 5 months due to unfilled positions.
13. Variance for 5 months over budget due to Reinsurers' share of premium income.
14. Variance for 5 months over budget due to claims paid and provision for future claims.
15. Variance for 5 months not material.
16. Management fees only.
17. Variance for 5 months under budget—motor vehicle replacements delayed and computer software project under budget.
18. No new surplus funds invested.

# QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION

## AGENCY OVERVIEW

### Strategic direction

The Queensland Building and Construction Commission (QBCC) is a statutory body established on 1 December 2013, under the *Queensland Building and Construction Commission Act 1991* (the Act). QBCC replaces the former Queensland Building Services Authority which ceased operations on 30 November 2013.

The QBCC provides a comprehensive building industry licensing regime, performs regulatory functions under the Act including compliance activities, complaints management, administration of the Queensland Home Warranty Scheme and provision of consumer and contractor education. The QBCC also administers the *Building and Construction Industry Payments Act 2004*, the *Subcontractors' Charges Act 1974* and the *Domestic Building Contracts Act 2000*.

The QBCC regulates the building and construction industry to ensure the maintenance of proper building standards, providing remedies for defective building work, and promoting contractor and consumer confidence in the industry. The QBCC's objectives include:

- implementing the Government's Ten Point Action Plan to fulfil the commitment to grow a strong and sustainable property and construction sector
- putting customers first by making it simpler and easier for customers to access services and information
- improving and providing high quality services at an optimal cost by being innovative, introducing best practice to systems and processes, and reducing regulatory burden.

Key factors impacting on the QBCC include building activity levels, emerging construction methods and materials and technological advances.

The building and construction industry is essential to the Queensland economy and accordingly the QBCC will contribute to the Government priorities of:

- growing a four pillar economy through construction
- lowering the cost of living for families by cutting waste
- providing better infrastructure and better planning
- revitalising frontline services for families
- restoring accountability in government.

## RESOURCES AND PERFORMANCE

In 2014–15, the QBCC will develop and deliver a comprehensive program of reforms and new and improved services to customers by:

- revitalising online and front line services to deliver a high-quality customer service experience and ensure the community is kept well-served, informed and engaged
- improving the customer experience to reduce risk during the contract phase of construction which will help to keep the cost of building affordable
- reducing timeframes to resolve building disputes by implementing an early dispute resolution service and a formal internal review mechanism for administrative decisions thereby providing both partners to a contract with a less costly, more efficient option
- improving the certification framework in Queensland to increase community confidence in the quality of construction
- improving transparency by developing a suite of clauses to be included in all domestic building contracts so that they are fair to all parties; publishing a Guide to Standards and Tolerances handbook; and finalising the review of the Queensland Home Warranty Scheme
- improving the *Building and Construction Industry Payments Act 2004* so there are fairer, more equitable contract completions, less disputes and prompt payment outcomes
- transferring the plumbing, drainage and pool inspection licensing to the QBCC from the Department of Housing and Public Works, thereby moving to a 'one stop shop' and reducing the number of licences required
- increasing industry compliance through a more focussed and proactive enforcement regime
- implementing a system of continuing professional development for licensees
- reducing licensing timeframes and the financial and legislative burden for contractors.

During 2013–14, the QBCC developed and delivered new initiatives and legislative reforms to give effect to the government's Ten Point Action Plan. In particular, QBCC:

- appointed a Commissioner
- implemented legislation to streamline developers' licensing requirements and improve earlier resolution of building disputes
- developed the new QBCC website and an online consumer awareness course.

## STATEMENTS

### Staffing<sup>1</sup>

Queensland Building and Construction Commission	Notes	2013-14 Adjusted Budget	2013-14 Est. Actual	2014-15 Budget
	2, 3	..	359	370

#### Notes:

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

1. 2013–14 Adjusted budget is nil as the Queensland Building and Construction Commission was formed during the 2013-2014 year.
2. Variance between 2013–14 Adjusted budget and 2013–14 Estimated actual is due to the formation of the Commission and an increase in project positions required as part of the Business Excellence Program commenced in January 2014 to implement the government’s Ten Point Action Plan reforms.
3. Variance between 2013–14 Estimated actual and 2014–15 Budget is due to increased functions and staffing to enable legislative changes to the *Building and Construction Industry Payments Act 2004*, expanding the licensing role, providing support to the professional governing board and establishing an Internal Review Unit.

## Performance Statement

Queensland Building and Construction Commission	Notes	2013-14 Target/Est.	2013-14 Est. Actual	2014-15 Target/Est.
<b>Service standards</b>				
Customer satisfaction	1	New measure	New measure	85%
Percentage of complaints finalised within 28 days	2	New measure	New measure	90%
Average number of days to process licence applications	3	New measure	New measure	35 days
Average number of days to process licence renewal applications for:				
• Category 1 – 3 licensees	4	New measure	New measure	25 days
• Category 4 – 8 licensees	5	New measure	New measure	50 days

### Notes:

1. This service standard measures satisfaction ratings from people who are building or renovating homes. The 2014–15 Budget will establish the baseline for this service standard.
2. This service standard measures complaints received by QBCC from customers (people building or renovating homes), building contractors and other stakeholders.
3. This service standard measures efficiency in processing and approving new licence applications.
4. This service standard measures the QBCC's efficiency at processing licence renewal applications for licensees who have an allowable annual business turnover of less than \$12 million during the licence year. Under the Financial Requirements for Licensing Policy, licensees who are categorised as 'Category 1' to 'Category 3' licensees are required to provide specified financial information in support of their annual licence renewal application. The amount and complexity of the financial information to be supplied at renewal for 'Category 1' to 'Category 3' licensees has been taken into account in setting the target for the number of days it should take the QBCC to complete the licence renewal process.
5. This service standard measures the QBCC's efficiency at processing licence renewal applications for licensees who have an allowable annual business turnover of more than \$12 million during the licence year. Under the Financial Requirements for Licensing Policy, licensees who are categorised as 'Category 4' to 'Category 8' licensees are required to provide specified financial data and audit reports in support of their annual licence renewal application. The amount and complexity of the financial information to be supplied at renewal for 'Category 4' to 'Category 8' licensees has been taken into account in setting the target for the number of days it should take for the QBCC to complete the licence renewal process.

## INCOME STATEMENT

Queensland Building and Construction Commission	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>Income</b>				
User charges and fees	1,	..	58,923	116,574
Grants and other contributions		..	..	..
Interest	2	..	8,168	12,759
Other revenue	3	..	39,322	60,975
Gains on sale/revaluation of assets		..	33	13
<b>Total income</b>		..	<b>106,446</b>	<b>190,321</b>
<b>Expenses</b>				
Employee expenses	4	..	19,838	38,280
Supplies and services:				
- Outsourced service delivery		..	..	..
- Other supplies and services	5	..	11,340	23,799
Grants and subsidies		..	..	..
Depreciation and amortisation		..	1,055	1,750
Finance/borrowing costs		..	..	..
Other expenses	6	..	58,151	95,420
Losses on sale/revaluation of assets		..	15,324	27,915
<b>Total expenses</b>		..	<b>105,708</b>	<b>187,164</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>			<b>738</b>	<b>3,157</b>

## STATEMENT OF CHANGES IN EQUITY

Queensland Building and Construction Commission	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'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		..	..	..
<b>Net income recognised directly in equity</b>		..	..	..
Surplus/(deficit) for the period		..	738	3,157
<b>Total recognised income and expense for the period</b>		..	<b>738</b>	<b>3,157</b>
Equity injection/(withdrawal)				..
Equity adjustments (inc. MoG transfers)		..	66,340	..
<b>Total movement in equity for period</b>		..	<b>67,078</b>	<b>3,157</b>

## BALANCE SHEET

Queensland Building and Construction Commission	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	8	..	22,195	5,305
Receivables	9	..	43,312	50,181
Other financial assets	10	..	171,141	194,580
Inventories		..	..	..
Other	11	..	22,682	25,087
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		..	<b>259,330</b>	<b>275,153</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	12	..	116,921	118,678
Other financial assets		..	..	..
Property, plant and equipment	13	..	6,049	5,410
Intangibles	14	..	3,806	5,431
Other	15	..	210	138
<b>Total non-current assets</b>		..	<b>126,986</b>	<b>129,657</b>
<b>TOTAL ASSETS</b>		..	<b>386,316</b>	<b>404,810</b>
<b>CURRENT LIABILITIES</b>				
Payables	16	..	37,749	41,573
Accrued employee benefits	17	..	3,237	4,298
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	45,851	45,851
Other	18	..	31,763	35,191
<b>Total current liabilities</b>		..	<b>118,600</b>	<b>126,913</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits	19	..	3,841	4,039
Interest-bearing liabilities and derivatives		..	..	..
Provisions	20	..	196,165	203,303
Other	21	..	632	320
<b>Total non-current liabilities</b>		..	<b>200,638</b>	<b>207,662</b>
<b>TOTAL LIABILITIES</b>		..	<b>319,238</b>	<b>334,575</b>
<b>NET ASSETS/(LIABILITIES)</b>		..	<b>67,078</b>	<b>70,235</b>
<b>EQUITY</b>				
Capital/contributed equity		..	66,340	66,340
Accumulated surplus/(accumulated deficit)		..	738	3,895
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		..	<b>67,078</b>	<b>70,235</b>



## CASH FLOW STATEMENT

Queensland Building and Construction Commission	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows</b>				
User charges and fees	22	..	39,520	87,218
Grants and other contributions		..	..	..
Interest received	23		134	175
Taxes		..	..	..
Other	24	..	33,736	57,218
<b>Outflows</b>				
Employee costs	25	..	(20,498)	(37,021)
Supplies and services	26	..	(11,118)	(27,159)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	27	..	(46,579)	(83,643)
<b>Net cash provided by/(used in) operating activities</b>		..	<b>(4,805)</b>	<b>(3,212)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows</b>				
Sales of non-financial assets	28	..	(30)	207
Investments redeemed	29	..	3,256	..
Loans and advances redeemed		..	..	..
<b>Outflows</b>				
Payments for non-financial assets	30	..	(1,836)	(2,930)
Payments for investments	31	..	..	(10,955)
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		..	<b>1,390</b>	<b>(13,678)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		..	..	..
<b>Net increase/(decrease) in cash held</b>		..	<b>(3,415)</b>	<b>(16,890)</b>
<b>Cash at the beginning of financial year</b>		..	..	<b>22,195</b>
Cash transfers from restructure		..	25,610	..
<b>Cash at the end of financial year</b>		..	<b>22,195</b>	<b>5,305</b>

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### General note:

The Queensland Building and Construction Commission commenced on 1 December 2013 from functions that were transitioned from Services Building Authority. The 2013-14 Estimated actual represents only seven months of trading. As a result it is not practical to provide an explanation of variances against these different periods.

### Income statement

Major variations between 2013–14 Estimated actual and 2014–15 Budget include:

1. Extrapolated for 12 months variance increase due to increases in insurance premium and licence renewal fees.
2. Decrease double digit investment returns not budgeted for in 2014-2015.
3. Decrease due to decrease in accrual for Reinsurers' share of future claims and share of claims approved.
4. Increase due to increased staff numbers to provide for Government-approved Ten Point Action Plan for the building industry.
5. Increase due to use of consultants and contractors to assist with the Government-approved Ten Point Action Plan for the building industry.
6. Decrease due to decrease in insurance claims.

### Statement of Changes in Equity

7. Represents the Net Equity transferred from the abolished Queensland Building Services Authority to the Queensland Building and Construction Commission.

### Balance sheet

Major variations between 2013-14 Estimated actual and the 2014-15 Budget include:

8. Cash to be transferred to other financial assets with Queensland Investment Corporation (QIC).
9. Increase in insurance recovery debts anticipated.
10. Transfer from Cash Assets to QIC and compounding of balances by adding returns on investment.
11. Increase in Reinsurers' share of unearned income due to increased building activity.
12. Increase in Reinsurers' share of future claims.
13. Limited purchases - balance reduced by accumulated depreciation.
14. Continued development of replacement software capitalised.
15. Amortisation of prepaid leasehold restoration costs.
16. Increased provision for Reinsurers' share of recovered claims.
17. Increase in annual leave provision due to EBA and increased staff numbers to provide for Government approved Ten Point Action Plan for the building industry.
18. Increase in unearned insurance premiums due to increased building industry activity.
19. Increase in non-current accrued employee benefits provision due to EBA and increased staff numbers to provide for the Government approved Ten Point Action Plan for the building industry.
20. Increase in provision for future insurance claims due to increased building industry activity.
21. Amortisation of lease incentive.

### Cash flow statement

Major variations between 2013-14 Estimated actual and the 2014-15 budget include:

22. Anticipated increase for a full 12 month period shows an increase due to increased premiums and licence renewal fees.
23. Increase in interest on Cash Only Investments.
24. Variance immaterial.
25. Increase in outflows due to EBA and increased staff numbers to provide for the Government approved Ten Point Action Plan.
26. Increase due to Government-approved Ten Point Action Plan and insurance claims paid.
27. Decrease not material.
28. More vehicles to be traded in 2014-2015.
29. No redemptions anticipated.
30. Decrease in capital purchases.
31. Transfer from Cash to Other Financial Assets to be held by QIC.

# RESIDENTIAL TENANCIES AUTHORITY

## AGENCY OVERVIEW

### Strategic direction

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

The RTA administers the Act which regulates bond-related aspects of the residential tenancy sector in Queensland. The RTA is self-funded from the earnings on the investment of rental bonds lodged with the organisation.

The RTA contributes to the Government's objective for the community to revitalise front line services by:

- providing quality client services within a legislative framework that balances the rights and responsibilities of all parties in the residential tenancies sector
- providing state-wide rental bond management, tenancy information, self-resolution assistance and support, community education, a conciliation service for tenancy disputes, investigation of offences under the Act, provision of sector research and data, and providing policy advice to Government.

In 2014–15 the RTA will:

- progress a program of work aimed at improving online services including a planned 24/7 service delivery model for rental bond lodgement
- enhance business systems and processes that support a growing residential tenancy sector
- plan for the introduction of social housing rental bonds.

## RESOURCES AND PERFORMANCE

RTA depends on investment returns from bonds lodged to fund operations. The RTA has forecast reduced revenue in 2014–15 relative to estimated revenue in 2013–14. Government revenue in 2013–14 was higher than expected due to capital gains on funds invested. These are not forecast in 2014–15.

In 2014–15, RTA will:

- continue to provide grant funding to the department to support affordable social housing
- continue legislative review of the Act with the aim of reducing red tape by at least 20%
- continue investigating further opportunities to reduce red tape and streamline service delivery.

During 2013–14, the RTA:

- maintained a sound financial position
- provided grant funding to the Department of Housing and Public Works in the amount of \$10 million and a further \$11 million (total \$21 million), with the latter from the proceeds of sale of the RTA's Herschel Street Brisbane building asset
- handled 455,000 enquiries through the contact centre and online enquiry system
- investigated 553 complaints with 530 being finalised.

## STATEMENTS

### Staffing<sup>1</sup>

Residential Tenancies Authority	Notes	2013-14 Adjusted Budget	2013-14 Est. Actual	2014-15 Budget
	2	196	199	206

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Variance between the 2013–14 Adjusted budget and the 2013–14 Estimated actual is the result of increasing customer service and the program of work associated with the replacement of RTA's core business system.

### Performance Statement

Residential Tenancies Authority	Notes	2013-14 Target/Est.	2013-14 Est. Actual	2014-15 Target/Est.
<b>Service standards</b>				
Proportion of disputes lodged resolved after parties participated in conciliation process	1	70%	77%	80%
Proportion of investigations finalised successfully	2	90%	95%	90%
Average annual return on investment		4.5%	5.6%	4.9%
Total cost for RTA output (excluding grants) as a proportion of the value of bonds held	3, 4	3.2%	3.6%	4.3%

Notes:

1. Variance between the 2013–14 Target/estimate, 2013–14 Estimated actual and 2014–15 Target/estimate is the result of the high resolution rate achieved during 2013–14 as a result of training, the use of experienced conciliators, and a new client support program aimed at self-resolution.
2. Variance between the 2013–14 Target/estimate and the 2013–14 Estimated actual is the result of the effective use of additional resources.
3. Variance between the 2013–14 Target/estimate and the 2013–14 Estimated actual is the result of increased operating costs to meet increased service standards and continued work on replacement of RTA's core business system.
4. Variance between the 2013–14 Estimated actual and the 2014–15 Target/estimate is the result of increased operating costs to meet service standards and continued work on replacement of RTA's core business system.

## INCOME STATEMENT

Residential Tenancies Authority	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>Income</b>				
User charges and fees		..	245	..
Grants and other contributions		..	..	..
Interest	1, 8	36,637	45,052	37,742
Other revenue		..	19	..
Gains on sale/revaluation of assets		..	523	..
<b>Total income</b>		<b>36,637</b>	<b>45,839</b>	<b>37,742</b>
<b>Expenses</b>				
Employee expenses	2, 5, 9	16,707	15,882	18,723
Supplies and services:				
- Outsourced service delivery		..	..	..
- Other supplies and services	3, 6, 10	7,881	9,478	13,125
Grants and subsidies	4, 7, 11	10,000	21,000	5,182
Depreciation and amortisation		644	714	607
Finance/borrowing costs		..	..	..
Other expenses		55	33	33
Losses on sale/revaluation of assets		72	49	72
<b>Total expenses</b>		<b>35,359</b>	<b>47,156</b>	<b>37,742</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	12	<b>1,278</b>	<b>(1,317)</b>	<b>..</b>

## STATEMENT OF CHANGES IN EQUITY

Residential Tenancies Authority	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'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		..	..	..
<b>Net income recognised directly in equity</b>		<b>..</b>	<b>..</b>	<b>..</b>
Surplus/(deficit) for the period		1,278	(1,317)	..
<b>Total recognised income and expense for the period</b>		<b>1,278</b>	<b>(1,317)</b>	<b>..</b>
Equity injection/(withdrawal)		..	..	..
Equity adjustments (inc. MoG transfers)		..	..	..
<b>Total movement in equity for period</b>		<b>1,278</b>	<b>(1,317)</b>	<b>..</b>

## BALANCE SHEET

Residential Tenancies Authority	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	13, 17, 21	58,934	62,446	50,581
Receivables		1,468	1,163	1,239
Other financial assets	14, 18, 22	807,698	728,947	750,531
Inventories		..	..	..
Other		261	278	285
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>868,361</b>	<b>792,834</b>	<b>802,636</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		2,182	2,009	1,813
Intangibles	15, 19, 23	11,751	3,477	15,043
Other		..	..	..
<b>Total non-current assets</b>		<b>13,933</b>	<b>5,486</b>	<b>16,856</b>
<b>TOTAL ASSETS</b>		<b>882,294</b>	<b>798,320</b>	<b>819,492</b>
<b>CURRENT LIABILITIES</b>				
Payables	16, 20, 24	805,229	729,947	751,531
Accrued employee benefits		1,234	1,057	1,089
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>806,463</b>	<b>731,004</b>	<b>752,620</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		1,889	1,678	1,728
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		4,095	2,385	1,891
<b>Total non-current liabilities</b>		<b>5,984</b>	<b>4,063</b>	<b>3,619</b>
<b>TOTAL LIABILITIES</b>		<b>812,447</b>	<b>735,067</b>	<b>756,239</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>69,847</b>	<b>63,253</b>	<b>63,253</b>
<b>EQUITY</b>				
Capital/contributed equity		..	..	..
Accumulated surplus/(accumulated deficit)		69,847	63,253	63,253
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		<b>69,847</b>	<b>63,253</b>	<b>63,253</b>

## CASH FLOW STATEMENT

Residential Tenancies Authority	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows</b>				
User charges and fees		(47)	(99)	(127)
Grants and other contributions		..	..	..
Interest received	25, 38	36,605	44,998	37,677
Taxes		..	..	..
Other		202	220	69
<b>Outflows</b>				
Employee costs	31, 39	(16,603)	(16,121)	(18,641)
Supplies and services	26, 32, 40	(7,888)	(9,213)	(13,132)
Grants and subsidies	27, 33, 41	(10,000)	(21,000)	(5,182)
Borrowing costs		..	..	..
Other	28, 34	84,246	21,815	21,057
<b>Net cash provided by/(used in) operating activities</b>		<b>86,515</b>	<b>20,600</b>	<b>21,721</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows</b>				
Sales of non-financial assets	35, 42	8,000	8,341	(25)
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows</b>				
Payments for non-financial assets	29, 36, 43	(7,427)	(2,042)	(11,977)
Payments for investments	30, 37, 44	(84,173)	(26,164)	(21,584)
Loans and advances made		..	..	..
<b>Net cash provided by/(used in) investing activities</b>		<b>(83,600)</b>	<b>(19,865)</b>	<b>(33,586)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by/(used in) financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>2,915</b>	<b>735</b>	<b>(11,865)</b>
<b>Cash at the beginning of financial year</b>		<b>56,019</b>	<b>61,711</b>	<b>62,446</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>58,934</b>	<b>62,446</b>	<b>50,581</b>

## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### Income statement

Major variations between 2013–14 Adjusted budget and 2013–14 Estimated actual include:

1. Increase in interest is due to higher than expected return on investments.
2. Decrease in employee expenses is due to current staff vacancies being filled by agency staff.
3. Increase in supplies and services is due to higher expenditure for systems development.
4. Increase in grants to the Department of Housing and Public Works is due to one-off additional grant from the proceeds of sale from investment property.

Major variations between 2013–14 Adjusted budget and 2014–15 Budget include:

5. Increase in employee expenses is due to filling vacant positions and increased front line staff.
6. Increase in supplies and services is due to higher expenditure for systems development.
7. Decrease in grants to the Department of Housing and Public Works.

Major variations between 2013–14 Estimated actual and the 2014–15 Budget include:

8. Decrease in interest is due to decrease in forecast investment rate of return.
9. Increase in employee expenses is due to filling vacant positions and increased front line staff.
10. Increase in supplies and services is due to higher expenditure for systems development.
11. Decrease in grants to the Department of Housing and Public Works.
12. Deficit is due to the one-off additional grant to the Department of Housing and Public Works.

### Balance sheet

Major variations between 2013–14 Adjusted budget and 2013–14 Estimated actual include:

13. Increase in cash assets is due to the need to provide for additional capital investment.
14. Decrease in other financial assets is due to revised estimates in the growth in rental bond holdings and subsequent value of investments.
15. Decrease in intangibles is due to revised estimates for systems development capitalisation.
16. Decrease in payables is due to revised estimates in the growth in rental bond holdings.

Major variations between 2013–14 Adjusted budget and 2014–15 Budget include:

17. Decrease in cash assets is due to the increased expenditure for systems development.
18. Decrease in other financial assets is due to revised estimates in the growth in rental bond holdings and subsequent value of investments.
19. Increase in intangibles is due to revised estimates for systems development capitalisation.
20. Decrease in payables is due to revised estimates in the growth in rental bond holdings.

Major variations between 2013–14 Estimated actual and the 2014–15 Budget include:

21. Decrease in cash assets is due to the increased expenditure for systems development.
22. Increase in other financial assets is due to revised estimates in the growth in rental bond holdings and subsequent value of investments.
23. Increase in intangibles is due to revised estimates for systems development capitalisation.
24. Increase in payables is due to the growth in rental bond holdings.

### Cash flow statement

Major variations between 2013–14 Adjusted budget and 2013–14 Estimated actual include:

25. Increase in interest received is due to higher than expected return on investments.
26. Increase in supplies and services is due to higher expenditure for systems development.
27. Increase in grants to the Department of Housing and Public Works due to one-off additional grant from the proceeds of sale from investment property.
28. Decrease in other outflows is due to revised estimates in rental bond holdings.
29. Decrease in payments for non-financial assets is due to revised estimates for systems development capitalisation.
30. Decrease in payments for investments is due to revised estimates in the growth in rental bond holdings and subsequent value of investments.



Major variations between 2013–14 Adjusted budget and 2014–15 Budget include:

31. Increase in employee costs is due to filling vacant positions and increased front line staff.
32. Increase in supplies and services is due to higher expenditure for systems development.
33. Decrease in grants to the Department of Housing and Public Works.
34. Decrease in other outflows is due to revised estimates in rental bond holdings.
35. Decrease in sales of non-financial assets is due to the sale of the investment property in 2013–14.
36. Increase in payments for non-financial assets is due to revised estimates for systems development capitalisation.
37. Decrease in payments for investments is due to revised estimates in the growth in rental bond holdings and subsequent value of investments.

Major variations between 2013–14 Estimated actual and the 2014–15 budget include:

38. Decrease in interest received is due to decrease in forecast investment rate of return.
39. Increase in employee costs is due to filling vacant positions and increased front line staff.
40. Increase in supplies and services is due to higher expenditure for systems development.
41. Decrease in grants to the Department of Housing and Public Works.
42. Decrease in sales of non-financial assets is due to the sale of the investment property in 2013–14.
43. Increase in payment for non-financial assets is due to revised estimates for systems development capitalisation.
44. Decrease in payments for investments due to revised estimates in the growth in rental bond holdings and subsequent value of investments.



# QUEENSLAND TRAINING ASSETS MANAGEMENT AUTHORITY

## AGENCY OVERVIEW

### Strategic direction

The Queensland Training Assets Management Authority (QTAMA) is a statutory body to commence 1 July 2014, established under the *Queensland Training Assets Management Authority Act 2014*. QTAMA's strategic objective is to effectively and efficiently manage the body's training assets, primarily for the provision of vocational education and training, in accordance with sound commercial principles.

QTAMA will implement the Government-accepted recommendations by the Queensland Skills and Training Taskforce and the Independent Commission of Audit and has two primary focus areas:

- to lift the currently low utilisation of the State's training facilities
- make the facilities available to all training organisations on a non-discriminatory basis, to open the sector to greater competition, thereby increasing the training opportunities in the State.

QTAMA will effect the Government objectives for the community, through facilitating investment in improved infrastructure management and delivery of better value for money.

QTAMA will have appropriate governance structures in place, including a board to effectively and efficiently manage the asset portfolio. Users of the vocational educational and training facilities managed by QTAMA will pay commercially-based rents or hiring charges to QTAMA.

The expected benefits of QTAMA are:

- a greater number of private providers having access to the vocational education and training facilities managed by QTAMA providing:
  - a broader range of training alternatives for students; and
  - increased training services, or restoration of training services, in regional areas, particularly where TAFE Queensland has chosen to exit a locale.
- increased utilisation of the vocational education and training facilities managed by QTAMA, resulting in increased revenue from those facilities
- more efficient and effective management of expenditures associated with the vocational education and training facilities managed by QTAMA, as a result of a sharper focus on efficient asset use, cost control and contract management.

In 2014–15, QTAMA's strategic challenges involve increasing the value of every customer's enterprise through the assets and services that QTAMA provides while making an appropriate return on QTAMA's assets.

In 2014–15, QTAMA will:

- establish the QTAMA management structure including statutory and non-statutory governance and compliance systems
- identify all assets transferring to QTAMA on 1 July 2014
- assess the condition of QTAMA’s training assets and value QTAMA’s training plant and equipment
- determine the utilisation of QTAMA’s assets and understand the allocated risk profile
- market the under-utilised assets in QTAMA’s portfolio to training organisations
- complete the first and second asset management plans required under sections 38 and 39 of the *Queensland Training Assets Management Authority Act 2014*.

## STATEMENTS

### Staffing

Queensland Training Assets Management Authority <sup>1</sup>	Note	2013-14 Adjusted Budget	2013-14 Est. Actual	2014-15 Budget
		..	..	26

Note:

1. Queensland Training Assets Management Authority (QTAMA) is a newly established statutory body that will commence operations from 1 July 2014. Staffing figures are estimates and subject to change pending the establishment of the QTAMA board, the entity commencing operations and the future program based on the development of the Strategic Asset Management Plan scheduled for completion by 30 November 2014.

### Performance Statement

Queensland Training Assets Management Authority	Note	2013-14 Target/Est.	2013-14 Est. Actual	2014-15 Target/Est.
Service standards <sup>1</sup>		..	..	..

Note:

1. Queensland Training Assets Management Authority (QTAMA) is a newly established statutory body that will commence operations from 1 July 2014. Service Standards will be available following the establishment of the QTAMA board and the development of the Strategic Asset Management Plan scheduled for completion by 30 November 2014.

## INCOME STATEMENT

Queensland Training Assets Management Authority	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>Income</b>				
User charges and fees		..	..	88,736
Grants and other contributions		..	..	..
Interest		..	..	..
Other revenue		..	..	1,731
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		..	..	<b>90,467</b>
<b>Expenses</b>				
Employee expenses		..	..	4,044
Supplies and services:				
- Outsourced service delivery		..	..	..
- Other supplies and services		..	..	58,683
Grants and subsidies		..	..	..
Depreciation and amortisation		..	..	4,904
Finance/borrowing costs		..	..	..
Other expenses		..	..	2,100
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		..	..	<b>69,731</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		..	..	<b>20,736</b>

## STATEMENT OF CHANGES IN EQUITY

Queensland Training Assets Management Authority	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'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		..	..	..
<b>Net income recognised directly in equity</b>		..	..	..
Surplus/(deficit) for the period		..	..	20,736
<b>Total recognised income and expense for the period</b>		..	..	<b>20,736</b>
Equity injection/(withdrawal)		..	..	(12,095)
Equity adjustments (inc. MoG transfers)		..	..	427,259
<b>Total movement in equity for period</b>		..	..	<b>435,900</b>

## BALANCE SHEET

Queensland Training Assets Management Authority	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		..	..	12,220
Receivables		..	..	7,954
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		..	..	<b>20,174</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		..	..	422,355
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		..	..	<b>422,355</b>
<b>TOTAL ASSETS</b>		..	..	<b>442,529</b>
<b>CURRENT LIABILITIES</b>				
Payables		..	..	6,482
Accrued employee benefits		..	..	147
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		..	..	<b>6,629</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>6,629</b>
<b>NET ASSETS/(LIABILITIES)</b>		..	..	<b>435,900</b>
<b>EQUITY</b>				
Capital/contributed equity		..	..	415,164
Accumulated surplus/(accumulated deficit)		..	..	20,736
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
<b>TOTAL EQUITY</b>		..	..	<b>435,900</b>

## CASH FLOW STATEMENT

Queensland Training Assets Management Authority	Notes	2013-14 Adjusted Budget \$'000	2013-14 Est. Act. \$'000	2014-15 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows</b>				
User charges and fees		..	..	81,397
Grants and other contributions		..	..	..
Interest received		..	..	..
Taxes		..	..	..
Other		..	..	5,090
<b>Outflows</b>				
Employee costs		..	..	(3,918)
Supplies and services		..	..	(55,968)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		..	..	(2,286)
<b>Net cash provided by/(used in) operating activities</b>		..	..	<b>24,315</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/(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		..	..	(12,095)
<b>Net cash provided by/(used in) financing activities</b>		..	..	<b>(12,095)</b>
<b>Net increase/(decrease) in cash held</b>		..	..	<b>12,220</b>
<b>Cash at the beginning of financial year</b>		..	..	..
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		..	..	<b>12,220</b>



## EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

### General note

- The Queensland Training and Assets Management Authority (QTAMA) will commence operations on 1 July 2014. As a result, no data is available in 2013-14 for comparative purposes.

### Income statement

- User charges and fees – the 2014-15 budget represents the estimated market rent and outgoings recovered from the utilisation of training assets.
- Other supplies and services – the 2014-15 budget represents the estimated outgoings associated with the use of the training assets, corporate costs and the costs of establishing QTAMA.
- Operating surplus – the 2014-15 estimated surplus reflects the market rent and other sundry income less the corporate costs which include salaries and associated on-costs, establishment costs and depreciation expense.

### Statement of changes in equity

- Equity injection/ (withdrawal) – the 2014-15 budget cash equity withdrawal represents a return of cash to the Consolidated Fund to maintain a budget neutral status. This funding was provided to DETE/TAFE Queensland through the Consolidated Fund to facilitate the transition to market rent for the utilisation of QTAMA assets.

### Balance sheet

- Property, plant and equipment – the 2014-15 budget represents the written down value of the assets as at 30 June 2015, transferred from DETE on 1 July 2014 as part of the establishment of QTAMA.
- Accumulated surplus – the 2014-15 estimated surplus represents the market rent and other sundry income less the corporate costs which include salaries and associated on-costs, establishment costs and depreciation expense.

### Cash flow statement

- Equity withdrawal – the 2014-15 budget cash equity withdrawal represents a return of cash to the Consolidated Fund to maintain a budget neutral status. This funding was provided to DETE/TAFE Queensland through the consolidated fund to facilitate the transition to market rent for the utilisation of QTAMA assets.

# GLOSSARY OF TERMS

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**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.

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

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**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.

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**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.

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

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**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.

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**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.

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**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.

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

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**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.

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**Equity Injection** — An increase in the investment of the Government in a public sector agency.

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<b>Financial Statements</b>	— Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement for an entity’s controlled and administered activities.
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<b>Income Statement</b>	— A financial statement highlighting the accounting surplus or deficit of an entity. It provides an indication of whether the entity has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation.
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<b>Outcomes</b>	— Whole-of-government outcomes are intended to cover all dimensions of community well being. They express the current needs and future aspirations of communities, within a social, economic and environment context.
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<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.
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<b>Priorities</b>	— Key policy areas that will be the focus of Government activity.
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<b>Services</b>	— The actions or activities (including policy development) of an agency which contribute to the achievement of the agency’s objectives.
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For a more detailed Glossary of Terms, please refer to the Reader’s Guide available on the Budget website at [www.budget.qld.gov.au](http://www.budget.qld.gov.au).

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