

# **SERVICE DELIVERY STATEMENTS**

**Queensland Treasury**

# 2017-18 Queensland Budget Papers

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## **Service Delivery Statements**

ISSN 1445-4890 (Print)

ISSN 1445-4904 (Online)



# Queensland Treasury

## Summary of portfolio

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# Portfolio overview

## Ministerial and portfolio responsibilities

The table below represents the agencies and services which are the responsibility of the Treasurer and Minister for Trade and Investment and the Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs:

<p style="text-align: center;"><b>Treasurer and Minister for Trade and Investment</b></p> <p style="text-align: center;">The Honourable Curtis Pitt MP</p>
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<p style="text-align: center;"><b>Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs</b></p> <p style="text-align: center;">The Honourable Grace Grace MP</p>
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<p style="text-align: center;"><b>Queensland Treasury</b></p> <p style="text-align: center;">Under Treasurer: Jim Murphy</p>
<b>Service area 1:</b> Economic and Fiscal Coordination
<b>Service area 2:</b> Agency Performance
<b>Service area 3:</b> Commercial Services
<b>Service area 4:</b> Revenue Management
<b>Service area 5:</b> Industrial Relations

The Treasurer and Minister for Trade and Investment is also responsible for:

<p style="text-align: center;"><b>Motor Accident Insurance Commission/Nominal Defendant</b></p> <p style="text-align: center;"><b>Insurance Commissioner: Neil Singleton</b></p> <p><b>Objective:</b> To provide a viable and equitable personal injury motor accident insurance scheme, continually improve the operational performance of the Nominal Defendant, and provide a corporate governance model that facilitates the Motor Accident Insurance Commission's vision and meets the State's financial and performance requirements.</p>
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## Queensland Productivity Commission

**Principal Commissioner: Kim Wood**

**Objective:** To provide independent advice on complex economic and regulatory issues to drive economic growth, lift productivity and improve living standards across Queensland.

## Trade and Investment Queensland

**Chief Executive Officer: Virginia Greville**

**Objective:** To contribute to economic and social benefits for Queensland by facilitating, supporting and encouraging trade, investment and other commercial opportunities for Queensland, including between Queensland and foreign countries.

The Minister for Employment and Industrial Relations, Minister for Racing and Minister for Multicultural Affairs is also responsible for:

## Queensland Racing Integrity Commission

**Racing Integrity Commissioner: Ross Barnett**

**Objective:** To protect racing animals, ensure high standards of racing integrity and safety, and enhance public confidence in the Queensland racing industry.

Additional information about these agencies can be sourced from:

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

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

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

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

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

# Departmental overview

Queensland Treasury's vision is to grow the Queensland economy and improve the wellbeing of all Queenslanders. It aims to support this through providing the Government with trusted, impartial advice on State finances and the economy, innovative revenue and commercial services and support for fair, safe and productive workplaces. This includes managing the State's finances in line with the Government's fiscal principles listed in the *Charter of Fiscal Responsibility*.

Queensland Treasury contributes to the Queensland Government's objectives for the community by partnering with agencies to provide policy and performance advice and support which contribute to delivering government priorities, while sustainably managing the annual State Budget. We directly contribute to delivering quality frontline services, creating jobs and a diverse economy through providing economic, fiscal, commercial, revenue management and industrial relations services and policies. This includes employment policy and a focus on regional employment. The department also contributes to building safe, caring and connected communities by ensuring Queensland workplaces, homes and communities are safe, free of hazards and electrical harm.

Queensland Treasury's strategic objectives are to:

- enable sustainable growth that supports current and future government objectives
- partner proactively to facilitate better outcomes for the community
- ensure services are tailored, fit-for-purpose and easy to access
- develop a capable and flexible workforce that can lead in policy development and service delivery.

Queensland Treasury's key priorities in 2017-18 include:

- delivering and implementing the 2017-18 Queensland Budget and new service delivery priorities
- continuing to provide analysis and advice on options to reduce debt as part of the Government's Debt Action Plan
- developing and delivering employment policies and programs including the Jobs and Regional Growth Package, Back to Work Program (including the Youth Boost), and North Stradbroke Island Workers Assistance Package
- procuring privately financed major public infrastructure and services, including Brisbane International Cruise Terminal and The Prince Charles Hospital Carpark
- working with stakeholders to progress energy and water sector reforms in line with Government objectives
- delivering the Queensland Government's financial assurance framework reform in conjunction with the Departments of Environment and Heritage Protection and Natural Resources and Mines
- attracting, assessing and negotiating Market-Led Proposals to increase private sector investment in Queensland
- facilitating Government consideration and implementation of good ideas which do not fit the Market-Led Proposals criteria but which have benefits for Queensland
- leading whole-of-government engagement with the Northern Australia Infrastructure Facility Office
- delivering Queensland's first two Social Benefit Bonds which address the over representation of Aboriginal and Torres Strait Islander children in out-of-home-care and reduce youth reoffending rates
- continuing to secure the integrity of the State revenue base, including enhancing client-centric and digital services, through the Office of State Revenue Transformation Program
- implementing a new state-wide program involving alternative non-monetary options for customers experiencing hardship in the payment of State Penalties Enforcement Registry (SPER) debts, including the implementation of Work and Development Orders
- partnering with agencies to provide policy advice and support which contributes to delivering government priorities
- engaging with the Commonwealth Grants Commission's 2020 Methodology Review to ensure a fair share of GST
- implementing recommendations from the Best Practice Audit of Health and Safety
- taking action in response to recommendations from the Trading Hours Review
- implementing legislative changes to respond to issues raised in the parliamentary inquiry into the labour hire industry.

The major external factors that could impact Queensland Treasury in 2017-18 include:

- financial and economic volatility, nationally and internationally, impacting Queensland and its trading partners
- Australian Government funding decisions, including for Northern Australia large-scale water infrastructure
- volatility in coal and petroleum royalties and volatility in energy costs
- impacts of a competitive labour market and advances in workplace design and technology
- continued importation of non-compliant or illegal products posing health and safety risks to Queenslanders.

# Service performance

## Performance statement

### Economic and Fiscal Coordination

#### Service area objective

To provide economic and fiscal strategy advice which promotes economic growth for the benefit of all Queenslanders, including coordination of the State Budget to deliver the Government's policy objectives.

#### Service area description

This service area's key functions include:

- delivering whole-of-government economic, fiscal, revenue, financial management, accounting, policy and reporting services to the Under Treasurer, Treasurer and Cabinet Budget Review Committee
- providing strategic economic policy advice, economic impact modelling and data to inform public policy and decision making across the Queensland Government to promote economic growth and job creation
- providing advice on employment and skilled migration, and manage the delivery of relevant programs
- coordinating the development of the State Budget, and managing the State's debt and balance sheet in accordance with Government policies
- providing the statutory function of the Queensland Government Statistician to deliver statistical, demographic research and program evaluation services across government.

#### Services

- Fiscal coordination
- Economics and employment policy
- Statistical services

#### 2017-18 service area highlights

Service area highlights for 2017-18 include:

- delivering and implementing the 2017-18 Queensland Budget and new service delivery priorities
- continuing to provide analysis and advice on options to reduce debt as part of the Government's Debt Action Plan
- developing and delivering employment policies and programs including the Jobs and Regional Growth Package, Back to Work Program (including the Youth Boost), and North Stradbroke Island Workers Assistance Package
- delivering the Business Development Fund, in collaboration with Queensland Investment Corporation (QIC), to facilitate a sustainable private sector market for venture capital in Queensland
- providing timely information and advice on the economy and labour market
- delivering on the Government's Economic Framework, including, for example, support of the Trading Hours Review
- remaining responsive to the statistical needs of Government to inform policy development on key priorities
- establishing a dedicated crime statistics function within the Queensland Government Statistician's Office
- updating the Queensland Government Population Projections with 2016 Census benchmarks for the State and its regions for use in service delivery and infrastructure planning.

Queensland Treasury	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Economic and Fiscal Coordination<sup>1</sup></b>				
<b>Service: Fiscal coordination</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Target ongoing reduction in Queensland's relative debt burden, as measured by the General Government debt to revenue ratio	2	71%	60%	60%
Target net operating surpluses that ensure any new capital investment in the General Government sector is funded primarily through recurrent revenues rather than borrowing	2, 3	70%	126%	59%
Manage the capital program to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging	2	Met	Met	Met
Maintain competitive taxation – own-source revenue to remain at or below 8.5% as a proportion of nominal gross state product	2	7.8%	8.1%	7.7%
Target full funding of long term liabilities such as superannuation and WorkCover in accordance with actuarial advice	2	Met	Met	Met
Maintain a sustainable public service by ensuring overall growth in full-time equivalent employees, on average over the forward estimates, does not exceed population growth	2, 4	New measure	New measure	1.7%
<i>Efficiency measure</i>				
Average cost per hour of advice and support output	5	New measure	New measure	\$129.08
<b>Service: Economic and employment policy</b>				
<b>Service standards</b>				
<i>Effectiveness measure</i>				
Overall customer satisfaction with employment programs	6	New measure	New measure	75%
<i>Efficiency measure</i>				
Average cost per hour of advice and support output	7	New measure	New measure	\$119.55
<b>Service: Statistical services</b>				
<b>Service standards</b>				
<i>Effectiveness measure</i>				
Stakeholder and customer satisfaction with Queensland Government Statistician outputs (rated satisfied or very satisfied)	8, 9	95%	100%	95%



Queensland Treasury	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<i>Efficiency measure</i> Average cost per hour of advice and support output	10	New measure	New measure	\$103.36

Notes:

1. This service area has been introduced as a result of a structural change. Specifically, parts of the Fiscal Service area and Economic Service area presented in the 2016-17 *Service Delivery Statement* have been combined into a single service area to more closely align fiscal and economic strategy.
2. These measures are in line with the Government's fiscal principles and further information regarding these measures can be found in *Budget Strategy and Outlook (Budget Paper 2)*.
3. The 2016-17 Target/Estimate has been revised to reflect the ratio of net operating cashflows to net capital purchases, consistent with the 2017-18 Target/Estimate.
4. This new service standard reflects the Government's introduction of a sixth fiscal principle designed to balance service delivery and fiscal sustainability by ensuring public service growth does not exceed population growth on average over the forward estimates. This is a whole-of-government measure and Queensland Treasury's role in achieving this is to partner with agencies to manage within the budget parameters, including operating within full-time equivalent resource allocations.
5. This service standard has been introduced to provide an efficiency measure for the Fiscal Coordination Service, with the goal of ensuring that, over time, changes in the cost per hour to serve clients does not exceed the Queensland Government wages policy.
6. This service standard measures overall client satisfaction with employment programs considering quality, timeliness, staff knowledge, access and outcome. It is derived from a survey of employers who have accessed the Back to Work regional employment program.
7. This service standard has been introduced to provide an efficiency measure for the Economic and Employment Policy Service with the goal of ensuring that, over time, changes in the cost per hour to serve clients does not exceed the Queensland Government wages policy.
8. This service standard measures overall client satisfaction considering quality, timeliness, staff knowledge, access and outcome. It is derived from ongoing measurement surveys of clients.
9. Estimated Actual is based on performance as at December 2016.
10. This service standard has been introduced to provide an efficiency measure for statistical services with the goal of ensuring that, over time, changes in the cost per hour to serve clients does not exceed the Queensland Government wages policy.

## Agency Performance

### Service area objective

To provide advice and support in relation to line agency performance and public policy development which promotes economic growth for the benefit of all Queenslanders.

### Service area description

This service area's key functions include:

- providing economic and fiscally responsible public policy analysis and advice to line agencies to support Government priorities
- managing public policy, fiscal and economic issues across the public sector
- partnering with line agencies to optimise performance, balancing service delivery within budget parameters
- managing and coordinating intergovernmental fiscal relations issues
- managing whole-of-government banking and payment services contracts.

### 2017-18 service area highlights

Service area highlights for 2017-18 include:

- providing fiscal and policy advice to Government in development of State Budget and delivery of service delivery priorities
- implementing Queensland Treasury's Agency Partnership Approach, facilitating improved engagement and strategic collaboration with client agencies to assist in providing Government with better policy options
- delivering more efficient, client-focussed payment and transaction services, in partnership with agencies
- engaging with the Commonwealth Grants Commission on the 2020 Methodology Review to ensure Queensland receives a fair share of GST.

Queensland Treasury	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Agency Performance<sup>1</sup></b>				
<b>Service standards</b>				
<i>Effectiveness measure</i> Overall customer satisfaction with policy and performance advice provided	2	New measure	New measure	75%
<i>Efficiency measure</i> Average cost per hour of advice and support output	3	New measure	New measure	\$105.60

Notes:

1. This new service area has been introduced as a result of a change in strategic direction for Queensland Treasury, emphasising a client partnering approach to support agency performance and policy development.
2. This service standard measures overall customer satisfaction considering quality, timeliness, staff knowledge, access and outcome. It is derived from an annual survey of departmental customers including chief finance officers.
3. This service standard measures the average cost per hour for the provision of advice to agencies with the goal of ensuring that, over time, changes in the cost per hour to serve clients does not exceed the Queensland Government wages policy.

## Commercial Services

### Service area objective

To support economic growth in Queensland by providing timely financial and commercial advice to Government and by leading major commercial government projects to achieve time, cost and quality objectives.

### Service area description

This service area's key functions include:

- implementing the Government's revised Market-Led Proposal framework to streamline the assessment process
- administering the Government's Market-Led Proposal framework, including assessing and negotiating proposals submitted from the private sector under this process
- providing commercial and financial advice to Government in relation to infrastructure projects
- managing the procurement of privately financed major public infrastructure and service projects
- working with government agencies to realise the contracted value of major public infrastructure projects through the delivery phase
- providing policy advice on private sector investment in Queensland
- ensuring rigorous project procurement across government through administration of the State's project assurance framework
- assessing government-owned corporations' (GOCs) capital investments and driving a focus on maximising performance and rates of return through improved commercial focus.

### Services

- Commercial projects
- Investment programs
- Shareholder services

### 2017-18 service area highlights

Service area highlights for 2017-18 include:

- procuring privately financed major public infrastructure and services, including:
  - Brisbane International Cruise Terminal with an estimated value of \$100 million
  - Queensland Aquarium and Maritime Museum with an estimated value of \$100 million (assisting the Department of State Development)
  - Mount Cotton Driver Training Centre with an estimated value of \$15 million (assisting the Department of Transport and Main Roads)
  - The Prince Charles Hospital Carpark with an estimated value of \$54 million
- providing commercial and financial advice to major Government projects, such as:
  - Cross River Rail (\$5.4 billion)
  - Integrated Resort Developments such as Queen's Wharf Brisbane (\$3 billion)
  - Herston Quarter (\$1.1 billion)
  - Advancing Our Cities and Regions
  - Projects progressing through the Building Queensland pipeline
- working with stakeholders to progress energy and water sector reforms in line with Government objectives, and to further understand Queensland's requirements for future large-scale water infrastructure
- delivering the Queensland Government's financial assurance framework reform in conjunction with the Departments of Environment and Heritage Protection and Natural Resources and Mines
- collaborating with the Department of Energy and Water Supply on options to achieve the Government's commitment to a 50 per cent renewable energy target

- working with Queensland Rail, the Department of Transport and Main Roads and the Citytrain Response Unit on the implementation of recommendations of the Train Crewing Practices Commission of Inquiry
- engaging with key stakeholders on the review of South East Queensland bulk water prices
- working with the Department of Energy and Water Supply to help facilitate the transfer of SunWater channel irrigation schemes to local ownership and management where agreed between Government and stakeholders, and continue further investigations where required
- in conjunction with the Queensland Productivity Commission and other key stakeholders, developing a 2017-18 work program for the Commission and assisting in the preparation of Government responses to Commission reports
- investigating ways to improve the *Queensland Competition Authority Act 1997* to place a stronger focus on achieving greater economic efficiency of regulated assets
- engaging the private sector to develop investment opportunities in Queensland through the Government's enhanced Market-Led Proposals guidelines
- leveraging investment from businesses to assist them to grow and expand in Queensland through the Jobs and Regional Growth Fund
- delivering Queensland's first two Social Benefit Bonds which address the over representation of Aboriginal and Torres Strait Islander children in out-of-home-care and reduce youth reoffending rates.

Queensland Treasury	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Commercial Services</b>				
<b>Service: Commercial projects</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Percentage of key project milestones met	1	85%	95%	85%
Achievement of agreed cost targets for projects		85%	100%	85%
<i>Efficiency measure</i>				
Average cost per hour of project services	2	New measure	New measure	\$131.09
<b>Service: Investment programs</b>				
<b>Service standards</b>				
<i>Effectiveness measure</i>				
Percentage of proposal assessment recommendations endorsed upon submission to the investment panel	3	New measure	New measure	85%
<i>Efficiency measure</i>				
Average cost per proposal assessment	4	New measure	New measure	\$127,000
<b>Service: Shareholder services</b>				
<b>Service standards</b>				
<i>Effectiveness measure</i>				
Overall customer satisfaction with advice and support provided	5	New measure	New measure	80%
<i>Efficiency measure</i>				
Average cost per hour of advice and support output	6	New measure	New measure	\$103.94

Notes:

1. The effectiveness of this service area is determined by the achievement of time, cost and quality objectives for each project under management. Therefore a timeliness measure, reported in conjunction with a cost measure, is considered appropriate for this service area.
2. This service standard has been introduced to provide an efficiency measure for Commercial Projects Service with the goal of ensuring that, over time, changes in the cost per hour to serve clients does not exceed the Queensland Government wages policy.
3. This service standard has been introduced to provide an effectiveness measure for the Investment Programs service. It is based on the number of recommendations endorsed as a proportion of total recommendations put to the investment panel within the relevant financial year.
4. This service standard has been introduced to provide an efficiency measure for the Investment Programs Service. It is based on the average cost to assess proposals from initial receipt of a submission to production of a report for the investment panel's consideration within the relevant financial year.
5. This service standard has been introduced to provide an effectiveness measure for Shareholder Services. This service standard measures overall client satisfaction considering quality, timeliness, staff knowledge, access and outcome. It is derived from an annual survey of GOCs.
6. This service standard has been introduced to provide an efficiency measure for Shareholder Services with the goal of ensuring that, over time, changes in the cost per hour to serve clients does not exceed the Queensland Government wages policy.

## Revenue Management

### Service area objective

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

### Service area description

This service area administers a revenue base of around \$14 billion by delivering and administering simple, efficient and equitable revenue management services for State taxes and royalty revenue. Additional responsibilities include undertaking revenue compliance, grant schemes and debt recovery and enforcement activities for the State.

This service area achieves its revenue responsibilities by:

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

### Services

- Revenue services
- Penalty debt services

### 2017-18 service area highlights

Service area highlights for 2017-18 include:

- continuing to secure the integrity of the State revenue base including implementing the Office of State Revenue Transformation Program
- progressing the development of digital service delivery options for clients, including finalising the new SPER software solution implementation to enable better case management
- continuing to develop a client-centric service, including completing the SPER Transformation Program to establish a new business model which is customer centric and provides a whole-of-government approach to penalty debt management
- implementing a new state-wide program involving alternative non-monetary options for customers experiencing hardship in the payment of SPER debts, including the implementation of Work and Development Orders (WDO) in partnership with government and community service providers.

Queensland Treasury	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Revenue Management</b>				
<b>Service: Revenue services</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Customer satisfaction with services provided	1	70%	79.2%	70%
Average overdue debt as a percentage of total revenue collected	2, 3	2%	1.3%	2%

Queensland Treasury	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
Total revenue dollars administered per dollar expended - accrual	4, 5	\$200	\$221	\$198
<i>Efficiency measure</i> <sup>6</sup>				
<b>Service: Penalty debt services</b>				
<b>Service standards</b>				
<i>Effectiveness measure</i>				
State Penalty Enforcement Registry (SPER) clearance rate (finalisations/lodgements)	7, 8	60%	90%	75%
<i>Efficiency measure</i>				
Average cost of case management per SPER customer	9	New measure	New measure	\$49

Notes:

1. This service standard measures overall customer satisfaction considering quality, timeliness, staff knowledge, access and outcome. It is derived from customer surveys.
2. This measure has been moved from an 'efficiency measure' to an 'effectiveness measure' to reflect the measure definitions of the Queensland Government Performance Management Framework. However, the calculation methodology has not changed.
3. The variance between the 2016-17 Target/Estimate and 2016-17 Estimated Actual is due to the impact of higher commodity prices and the exclusion of abnormal items.
4. This measure has been moved from an 'efficiency measure' to an 'effectiveness measure' to reflect the measure definitions of the Queensland Government Performance Management Framework. However, the calculation methodology has not changed.
5. The variance between the 2016-17 Target/Estimate and 2016-17 Estimated Actual is due to additional royalty collections.
6. An efficiency measure is being developed for this service and will be included in a future *Service Delivery Statement*.
7. This measure has been moved from an 'efficiency measure' to an 'effectiveness measure' to reflect the measure definitions of the Queensland Government Performance Management Framework. However, the calculation methodology has not changed.
8. The 2016-17 Target/Estimate was based on long term historical performance. Significant improvements to SPER's capacity to finalise debts under the Transformation Program resulted in a significant lift in performance for the year. The 2017-18 Target/Estimate rate is expected to return to more normalised levels based on long- term trends.
9. This service standard measure provides an annual cost of management by SPER of customers who are under payment arrangements or enforcement. This is measured per customer being case managed by SPER due to not resolving their overdue fine(s). The target is based on 2016-17 calculations.

## Industrial Relations

### Service area objective

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

### Service area description

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

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

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

### Services

- Industrial relations
- Administration of the Industrial Court and Commission system
- Work health and safety services
- Electrical safety services
- Workers' compensation services

### 2017-18 service area highlights

Service area highlights for 2017-18 include:

- implementing recommendations from the Best Practice Review of Workplace Health and Safety Queensland
- conducting the five yearly review of the operation of the workers' compensation scheme as the *Workers' Compensation and Rehabilitation Act 2003*
- leading and preparing the Government's response to the Parliamentary Committee's Report into Coal Workers' Pneumoconiosis (CWP) and implementation of recommendations regarding workers' compensation changes
- continuing to progress initiatives under the Government's Improving Safety for Queenslanders at Work Policy, including conducting targeted compliance and advisory activities for priority hazards and industries
- improving work health and safety and return to work outcomes for high risk industry subsectors and the priority work-related disorders
- implementing the recommendations of an independent review of electrical licensing including enhancing the requirements for electrical contractor and electrical worker competence, licence eligibility, and continuing professional development
- continuing initiatives to support the safe introduction of smart grid and renewable energy technologies
- taking action in response to recommendations from the Trading Hours Review
- implementing legislative changes to respond to the issues raised in the parliamentary inquiry in the labour hire industry
- leading the Queensland Government submission to the National Wage and State Wage Cases.



Queensland Treasury	Notes	2016-17 Target/est.	2016-17 Est. actual	2017-18 Target/est.
<b>Service area: Industrial Relations<sup>1</sup></b>				
<b>Service: Industrial relations</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Overall client satisfaction with inspectorate's effectiveness and professionalism		85%	85%	85%
Overall client satisfaction with the services and advice provided on public sector industrial relations	2	New measure	New measure	85%
<i>Efficiency measures</i>				
Cost of Industrial Relations services per Queensland worker	3	\$2.54	\$2.54	\$2.60
Cost of public sector industrial and employee relations per Queensland public sector worker	4	New measure	New measure	\$6.30
<b>Service: Administration of the Industrial Court and Commission system</b>				
<b>Service standards</b>				
<i>Effectiveness measure</i>				
Percentage of matters resolved at conference		65%	67%	65%
<i>Efficiency measure<sup>5</sup></i>				
<b>Service: Work health and safety services</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
Number of workplace health and safety incidents notified to Workplace Health and Safety Queensland (WHSQ) per 10,000 employing businesses	6	166	187	190
Overall client satisfaction with inspectorate's effectiveness and professionalism		85%	85%	85%
<i>Efficiency measures</i>				
Cost of WHSQ services per worker covered by the workers' compensation scheme	7	\$30.32	\$30.32	\$30.95
<b>Service: Electrical safety services</b>				
<b>Service standards</b>				
<i>Effectiveness measures</i>				
The number of reported serious electrical incidents involving powerlines, installations and electrical equipment per million population		6	6	6

Queensland Treasury	Notes	2016-17 Target/est.	2016-17 Est. actual	2017-18 Target/est.
Overall client satisfaction with inspectorate's effectiveness and professionalism		85%	85%	85%
<i>Efficiency measure</i> Cost of electrical safety services per person in Queensland	8	\$3.87	\$3.87	\$3.95
<b>Service: Workers compensation services</b>				
<b>Service standards</b> <i>Effectiveness measure</i> Cost of Workers' Compensation Regulator service per worker covered by the workers' compensation scheme	9	\$7.00	\$9.20	\$9.40
<i>Efficiency measure</i> Cost per Workers' Compensation disputation	10	New measure	New measure	\$2,700

Notes:

1. Industrial Relations Policy and Regulation (IRPR) and Public Sector Industrial Relations (PSIR) have merged into one business unit, Industrial Relations covering all industrial relations policy for the Queensland Government.
2. This is a new service standard introduced to measure the effectiveness of public sector industrial relations services and advice. This service standard considers quality, timeliness, staff knowledge, access and outcome. Data is collected via a telephone survey.
3. The 2016-17 Target/Estimate has been adjusted to reflect internal structural change within the Office of Industrial Relations, however the calculation methodology has not changed.
4. This is a new service standard introduced to measure the efficiency of public sector industrial relations services and advice. It is calculated based on PSIR budget over Queensland public sector labour force.
5. An efficiency measure for the Industrial Court and Commission and Registry is being developed following the commencement of the new *Industrial Relations Act 2016* in March 2017 and will be included in a future *Service Delivery Statement*.
6. Current trends show an increase in the number of workplace health and safety incidents over the past two years. As a result of this, the 2017-18 Target/Estimate has been increased.
7. The 2016-17 Target/Estimate has been adjusted to reflect internal structural change within the Office of Industrial Relations, however the calculation methodology has not changed.
8. Variance in the 2017-18 Target/Estimate is due to an increase in electrical entity contributions resulting in an increase in the Electrical Safety Office budget.
9. The 2016-17 Estimated Actual and the 2017-18 Target/Estimate for the measure have increased due to an increase in the budget for Workers' Compensation Regulator (WCR) in 2016-17. The increase in budget is due to an administrative change in the way tribunal doctors are paid, as well as an increase in projected Medical Assessment Tribunals.
10. This is a new service standard introduced to measure the effectiveness of the WCR Services. It measures the cost per disputation to the WCR including reviews and appeals.

## Discontinued measures

Performance measures included in the 2016-17 *Service Delivery Statements* that have been discontinued or replaced are reported in the following table with Estimated Actual results.

Queensland Treasury	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Economic and Fiscal Coordination</b>				
Development of labour market policies to assist disadvantaged cohorts	1	Met	Met	Discontinued measure
Provision of regular, timely and high quality advice on Queensland economic and employment conditions and performance	1	Met	Met	Discontinued measure
Provision of regular and timely analysis and advice on the Government's economic agenda, especially in terms of economic impacts (e.g. benefit-cost analysis)	1	Met	Met	Discontinued measure
<b>Service area: Revenue Management</b>				
State Penalty Enforcement Registry percentage of debt pool under active management (payment arrangements and enforcement)	2	63%	58%	Discontinued measure
<b>Service area: Industrial Relations</b>				
Employee wage increases contained within Government wages policy, unless Cabinet Budget Review Committee approves otherwise	3	100%	100%	Discontinued measure
The average number of enterprise negotiations undertaken per full-time equivalent staff member working on enterprise bargaining matters	4	2	2	Discontinued measure
Average time for decisions to be published and made available to the community (days)	5	4	4	Discontinued measure
Percentage of dispute resolution completed within three months	6	85%	83%	Discontinued measure

Notes:

1. This measure has been deleted as it is a measure of activity, not effectiveness, as described in the Queensland Government Performance Management Framework. Key aspects of this activity will continue to be reported in the Annual Report.
2. This measure has been deleted as it did not meet the definition of an "efficiency measure" as per the Queensland Government Performance Management Framework. A new efficiency measure has been developed for this service area.
3. This service standard was removed and an alternative effectiveness measure has been developed for this service area. This discontinued service standard will not be reported elsewhere.
4. This service standard was removed as it was no longer relevant for the 2017-18 period due to the predicted Enterprise Bargaining cycle. An alternative efficiency measure has been developed for this service area. This discontinued service standard will not be reported elsewhere.
5. This measure has been deleted as it did not meet the definition of an "efficiency measure" as per the Queensland Government Performance Management Framework. A new efficiency measure is being developed following the commencement of the new *Industrial Relations Act 2016* in March 2017 and will be included in a future *Service Delivery Statement*.
6. This measure has been deleted as it did not meet the definition of an "efficiency measure" as per the Queensland Government Performance Management Framework. A new efficiency measure has been developed for this service area.

## **Administered items**

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

Queensland Treasury is responsible for overseeing significant administered revenue and expenses. The department receives a large proportion of the State's taxation, royalties and Australian Government revenue which is used to fund Government priorities. The department administers major grant programs and provides funding to a number of statutory bodies, including the Queensland Competition Authority.

The department also administers the Government's cash balances and financing requirements, in collaboration with the Queensland Treasury Corporation.

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

# Departmental budget summary

The table below shows the total resources available in 2017-18 from all sources and summarises how resources will be applied by service area and by controlled and administered classifications.

Queensland Treasury	2016-17 Adjusted Budget \$'000	2016-17 Est. Actual \$'000	2017-18 Budget \$'000
<b>CONTROLLED</b>			
<b>Income</b>			
Appropriation revenue <sup>1</sup>			
Deferred from previous year/s	33,097	17,047	18,579
Balance of service appropriation	218,389	226,511	246,429
Other revenue	122,786	130,206	126,467
<b>Total income</b>	<b>374,272</b>	<b>373,764</b>	<b>391,475</b>
<b>Expenses</b>			
Economics and Fiscal Coordination <sup>2</sup>	39,236	40,127	46,164
Agency Performance	16,097	16,237	15,712
Commercial Services <sup>3</sup>	20,619	25,080	19,298
Revenue Management <sup>4</sup>	155,014	148,823	163,609
Industrial Relations <sup>5</sup>	141,415	142,160	145,818
Other <sup>6</sup>	2,714	2,695	2,697
Reconciliation adjustment to the Income Statement <sup>7</sup>	(823)	(1,358)	(1,823)
<b>Total expenses</b>	<b>374,272</b>	<b>373,764</b>	<b>391,475</b>
<b>Operating surplus/deficit</b>	<b>..</b>	<b>..</b>	<b>..</b>
<b>Net assets<sup>8</sup></b>	<b>65,529</b>	<b>62,465</b>	<b>77,125</b>
<b>ADMINISTERED</b>			
<b>Revenue</b>			
Commonwealth revenue	19,250,589	19,618,819	19,911,897
Appropriation revenue	5,788,163	6,082,394	6,191,920
Other administered revenue	13,291,711	14,985,169	14,801,811
<b>Total revenue</b>	<b>38,330,463</b>	<b>40,686,382</b>	<b>40,905,628</b>
<b>Expenses</b>			
Transfers to government	32,409,435	34,546,123	34,655,843
Administered expenses	5,921,028	6,140,259	6,249,785
<b>Total expenses</b>	<b>38,330,463</b>	<b>40,686,382</b>	<b>40,905,628</b>
<b>Net assets</b>	<b>(36,006,600)</b>	<b>(34,484,773)</b>	<b>(34,058,749)</b>

Notes:

1. Includes State and Commonwealth funding.
2. The increase in the 2017-18 Budget mainly relates to delivery costs associated with Back to Work Program.
3. The movement between the 2016-17 Budget, 2016-17 Estimated Actual and 2017-18 Budget is mainly due to the level of reimbursable projects managed by Commercial being included. Government projects are allocated to Commercial progressively and funding models and accurate budgeting outcomes will only be available when projects are approved and allocated to Commercial.
4. The decrease in the 2016-17 Estimated Actual is mainly due to costs associated with the implementation of an alternate service delivery model by the State Penalties Enforcement Registry being delayed to future years. The increase in the 2017-18 Budget is mainly due to costs associated with the Office of State Revenue (OSR) Transformation Program.
5. The increase in the 2017-18 Budget mainly relates to costs associated with the Workers' Compensation Services and Workplace Health and Safety Queensland, which are funded by additional funding from WorkCover Queensland.
6. This represents corporate services to non-departmental services (Motor Accident Insurance Commission and Nominal Defendant).
7. This represents the eliminations upon consolidation for internal trading between services.
8. The increase in the 2017-18 Budget is mainly due to capital acquisitions planned for 2017-18 associated with the OSR Transformation Program, which is funded by additional equity injection.

## Service area sources of revenue

Sources of revenue 2017-18 Budget					
Queensland Treasury	Total cost \$'000	State contribution \$'000	User charges and fees \$'000	C'wealth revenue \$'000	Other revenue \$'000
Economics and Fiscal Coordination	46,164	40,356	5,808	..	..
Agency Performance	15,712	15,373	339	..	..
Commercial Services	19,298	17,611	1,687	..	..
Revenue Management	163,609	159,380	3,775	..	454
Industrial Relations	145,818	29,770	13,061	..	102,987
<b>Departmental</b>	<b>390,601</b>	<b>262,490</b>	<b>24,670</b>	<b>..</b>	<b>103,441</b>
Other <sup>1</sup>	2,697	2,518	179	..	..
Reconciliation adjustment to the Income Statement <sup>2</sup>	(1,823)	..	(1,823)	..	..
<b>Total</b>	<b>391,475</b>	<b>265,008</b>	<b>23,026</b>	<b>..</b>	<b>103,441</b>

Notes:

1. This represents corporate services provided to non-departmental services (Motor Accident Insurance Commission and Nominal Defendant).
2. This represents eliminations upon consolidation for internal trading between services.

## Budget measures summary

This table shows a summary of budget measures relating to the department since the 2016-17 State Budget. Further details are contained in *Budget Measures (Budget Paper 4)*.

Queensland Treasury	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
<b>Revenue measures</b>					
Administered	..	12,095	40,718	61,435	82,153
Departmental	..	..	..	..	..
<b>Expense measures<sup>1</sup></b>					
Administered	2,385	186,092	60,808	7,949	7,762
Departmental	(1,301)	15,197	14,801	11,548	8,555
<b>Capital measures</b>					
Administered	..	2,283	2,123	979	524
Departmental	..	11,699	5,479	561	..

Note:

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



## Departmental capital program

Queensland Treasury's capital purchases for 2017-18 will be \$13.8 million. The highlights for the department include:

- \$504,000 in capital expenditure to improve compliance, client interaction and service delivery. This will prepare the Office of State Revenue (OSR) to deliver the planned Transformation Program to implement improved revenue management services into the future
- \$11.7 million in capital expenditure to implement OSR Transformation Program. This will enable the delivery of an upgraded ICT platform and support improved revenue management services into the future
- \$1.6 million for ongoing asset replacement primarily for the Office of Industrial Relations, including leasehold improvements and the replacement of information technology software, hardware and office equipment.

## Capital budget

Queensland Treasury	Notes	2016-17 Budget \$'000	2016-17 Est. Actual \$'000	2017-18 Budget \$'000
<b>Capital purchases<sup>1</sup></b>				
Total land, buildings and infrastructure		..	..	..
Total plant and equipment		1,454	1,454	1,099
Total other capital	2	5,642	4,862	12,656
<b>Total capital purchases</b>		<b>7,096</b>	<b>6,316</b>	<b>13,755</b>

Notes:

1. For more detail on the agency's capital acquisitions please refer to *Capital Statement (Budget Paper 3)*.
2. The increase in the 2017-18 Budget is primarily due to capital investment for the OSR Transformation Program.

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

Queensland Treasury	Notes	2016-17 Budget	2016-17 Est. Actual	2017-18 Budget
Economics and Fiscal Coordination	3	163	161	171
Agency Performance	4	89	83	88
Commercial Services		87	85	87
Revenue Management	4	642	632	641
Industrial Relations		823	823	823
<b>Services areas Subtotal</b>		<b>1,804</b>	<b>1,784</b>	<b>1,810</b>
Corporate Services provided to other agencies	5	9	19	9
<b>TOTAL</b>		<b>1,813</b>	<b>1,803</b>	<b>1,819</b>

### Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate.
3. The decrease in the 2016-17 Estimated Actual is mainly due to delays in filling vacancies. The increase in the 2017-18 Budget reflects the additional FTEs required for the Back to Work Program and the completion of recruitment activities.
4. The decrease in the 2016-17 Estimated Actual is mainly due to delays in filling vacancies. The increase in the 2017-18 Budget reflects the completion of recruitment activities.
5. This reflects staff providing corporate support to the Motor Accident Insurance Commission, the Nominal Defendant and the National Injury Insurance Agency Queensland (NIIAQ). The increase in the 2016-17 Estimated Actual relates to Treasury employees providing services to NIIAQ which commenced operations on 1 July 2016. The decrease in the 2017-18 Budget is due to services from Treasury employees are not expected to be required in 2017-18.

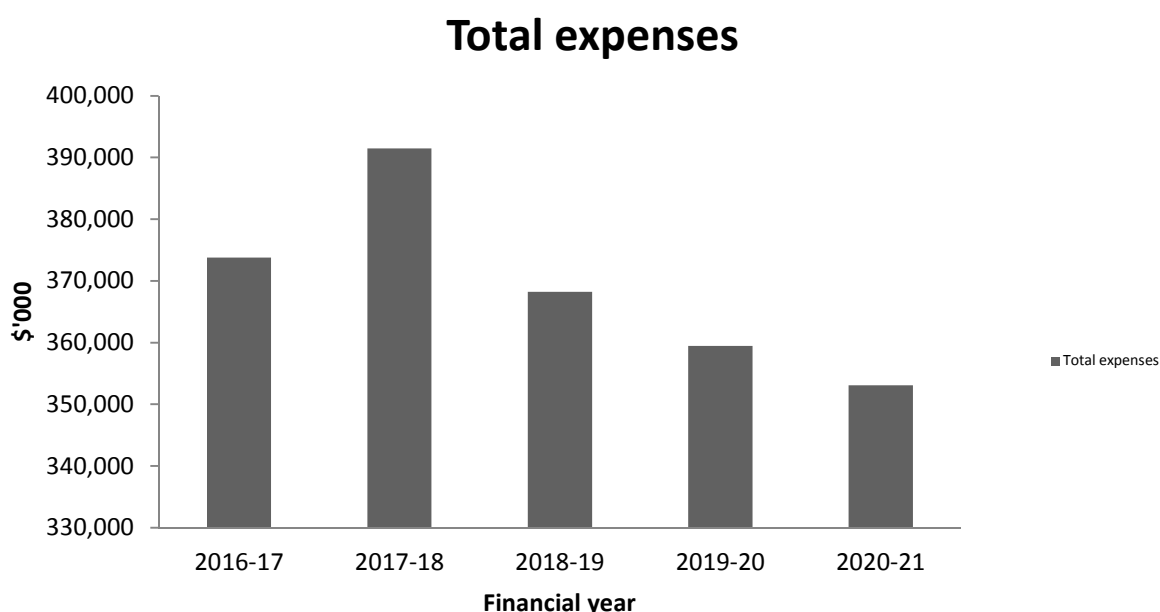
# Budgeted financial statements

## Departmental income statement

Total expenses are estimated to be \$391.5 million in 2017-18, an increase of \$17.7 million from the 2016-17 Estimated Actual. This increase mainly relates to Office of State Revenue (OSR) Transformation Program to enable the delivery of an upgraded ICT platform and support improved revenue management services into the future. Further contributing factors are delivery costs associated with Back to Work Program and additional expenditure resulting from annual wage increases. The increases are partially offset by the assumption that only approved reimbursable projects managed by Commercial have been budgeted for in 2017-18. Government projects are allocated to Commercial area progressively and funding models and accurate budgeting outcomes will only be available when projects are approved and allocated.

The decreases in expenses in 2018-19 and 2019-20 are primarily due to the reduction in costs over time for the implementation of the alternate service delivery model for the State Penalties Enforcement Registry. The further decrease in expenses in 2020-21 reflects the reductions in costs over time for OSR Transformation Program.

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



## Departmental balance sheet

The department's main liabilities at the end of 2017-18 relate to operational payables (\$14.2 million) and accrued employee benefits (\$7.8 million). There are no known factors that will significantly vary these over the next three years. The department's major assets at the end of 2017-18 are in investments (\$36.8 million), cash (\$23.9 million), intangibles (\$17.7 million) and operational receivables (\$13.7 million). Investments include the State's investment in Property Exchange Australia Ltd and the Business Development Fund's investments with QIC (expected to grow by a further \$10 million in 2018-19).

# Controlled income statement

Queensland Treasury	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
Appropriation revenue	1,5,9	251,486	243,558	265,008
Taxes		..	..	..
User charges and fees	2,10	21,781	29,817	23,026
Royalties and land rents		..	..	..
Grants and other contributions	6,11	99,788	99,102	102,537
Interest		..	..	..
Other revenue		1,217	1,287	904
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>374,272</b>	<b>373,764</b>	<b>391,475</b>
<b>EXPENSES</b>				
Employee expenses	7,12	211,850	209,608	223,881
Supplies and services		147,098	145,882	146,618
Grants and subsidies	3,8	4,754	9,373	9,371
Depreciation and amortisation	4,13	6,372	4,062	7,292
Finance/borrowing costs		..	..	..
Other expenses		4,198	4,839	4,313
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		<b>374,272</b>	<b>373,764</b>	<b>391,475</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

# Controlled balance sheet

Queensland Treasury	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	14,21	32,815	25,729	23,860
Receivables	15,22	7,095	13,715	13,715
Other financial assets		..	..	..
Inventories		..	..	..
Other		4,408	4,791	4,857
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>44,318</b>	<b>44,235</b>	<b>42,432</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets	23,30	26,832	26,832	36,832
Property, plant and equipment	16,24	1,507	2,961	2,555
Intangibles	25,31	10,579	10,790	17,659
Other		..	..	..
<b>Total non-current assets</b>		<b>38,918</b>	<b>40,583</b>	<b>57,046</b>
<b>TOTAL ASSETS</b>		<b>83,236</b>	<b>84,818</b>	<b>99,478</b>
<b>CURRENT LIABILITIES</b>				
Payables	17,26	10,708	14,209	14,209
Accrued employee benefits	18,27	6,053	7,788	7,788
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		677	356	356
<b>Total current liabilities</b>		<b>17,438</b>	<b>22,353</b>	<b>22,353</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables	19,28	269	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>269</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>17,707</b>	<b>22,353</b>	<b>22,353</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>65,529</b>	<b>62,465</b>	<b>77,125</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	20,29,32	<b>65,529</b>	<b>62,465</b>	<b>77,125</b>

# Controlled cash flow statement

Queensland Treasury	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts	33,37,44	251,486	240,396	265,008
User charges and fees	34,45	26,604	34,640	27,849
Royalties and land rent receipts		..	..	..
Grants and other contributions	38,46	99,788	99,102	102,537
Interest received		..	..	..
Taxes		..	..	..
Other		7,421	7,093	7,108
<b>Outflows:</b>				
Employee costs	39,47	(211,850)	(209,608)	(223,881)
Supplies and services		(153,368)	(152,152)	(152,888)
Grants and subsidies	35,40	(4,754)	(9,373)	(9,371)
Borrowing costs		..	..	..
Other		(9,021)	(9,662)	(9,136)
<b>Net cash provided by or used in operating activities</b>		<b>6,306</b>	<b>436</b>	<b>7,226</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	41,48	(7,096)	(6,316)	(13,755)
Payments for investments		(10,000)	(10,000)	(10,000)
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(17,096)</b>	<b>(16,316)</b>	<b>(23,755)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections	42,49	14,691	13,911	22,203
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	36,43,50	(3,633)	(5,960)	(7,543)
<b>Net cash provided by or used in financing activities</b>		<b>11,058</b>	<b>7,951</b>	<b>14,660</b>
<b>Net increase/(decrease) in cash held</b>		<b>268</b>	<b>(7,929)</b>	<b>(1,869)</b>
<b>Cash at the beginning of financial year</b>		<b>32,547</b>	<b>33,658</b>	<b>25,729</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>32,815</b>	<b>25,729</b>	<b>23,860</b>

# Administered income statement

Queensland Treasury	Notes	2016-17 Adjusted Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
Appropriation revenue	51,59,68	5,788,163	6,082,394	6,191,920
Taxes		10,829,160	10,673,696	10,925,654
User charges and fees		95,215	95,173	96,640
Royalties and land rents	52,60,69	1,913,929	3,807,885	3,332,706
Grants and other contributions	53,61,70	19,266,335	19,636,065	19,933,588
Interest	62,71	29,915	35,222	53,351
Other revenue	54,63,72	407,746	355,947	371,769
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>38,330,463</b>	<b>40,686,382</b>	<b>40,905,628</b>
<b>EXPENSES</b>				
Employee expenses		..	..	..
Supplies and services		159,321	159,321	160,221
Grants and subsidies	55,64,73	204,079	230,406	423,432
Depreciation and amortisation		..	..	..
Finance/borrowing costs	56,74	1,442,521	1,807,182	1,440,314
Other expenses	65,75	3,982,242	3,885,485	4,167,953
Losses on sale/revaluation of assets	57,66	132,865	57,865	57,865
Transfers of Administered Revenue to Government	58,67,76	32,409,435	34,546,123	34,655,843
<b>Total expenses</b>		<b>38,330,463</b>	<b>40,686,382</b>	<b>40,905,628</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

# Administered balance sheet

Queensland Treasury	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		(2,521,625)	(2,502,183)	(2,769,642)
Receivables	77,81	687,090	989,116	1,081,447
Other financial assets		..	..	..
Inventories		..	..	..
Other		2,424	2,292	2,292
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>(1,832,111)</b>	<b>(1,510,775)</b>	<b>(1,685,903)</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		119,236	101,478	91,105
Other financial assets		..	..	..
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>119,236</b>	<b>101,478</b>	<b>91,105</b>
<b>TOTAL ASSETS</b>		<b>(1,712,875)</b>	<b>(1,409,297)</b>	<b>(1,594,798)</b>
<b>CURRENT LIABILITIES</b>				
Payables		45,848	42,642	42,642
Transfers to Government payable	78,82	676,724	1,149,225	1,241,394
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives	79,83,85	17,572	785,210	516,628
Provisions		..	..	..
Other		41,100	40,444	40,114
<b>Total current liabilities</b>		<b>781,244</b>	<b>2,017,521</b>	<b>1,840,778</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives	80,84,86	33,512,481	31,057,955	30,623,173
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>33,512,481</b>	<b>31,057,955</b>	<b>30,623,173</b>
<b>TOTAL LIABILITIES</b>		<b>34,293,725</b>	<b>33,075,476</b>	<b>32,463,951</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>(36,006,600)</b>	<b>(34,484,773)</b>	<b>(34,058,749)</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		<b>(36,006,600)</b>	<b>(34,484,773)</b>	<b>(34,058,749)</b>



# Administered cash flow statement

Queensland Treasury	Notes	2016-17 Budget* \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts	87,98,107	5,788,163	6,190,887	6,191,920
User charges and fees		62,020	67,308	63,445
Royalties and land rent receipts	88,99,108	1,857,370	3,771,326	3,276,147
Grants and other contributions	89,100,109	19,266,335	19,636,065	19,933,588
Interest received		25,562	30,869	49,615
Taxes		10,829,160	10,673,696	10,925,654
Other		346,797	326,906	310,820
<b>Outflows:</b>				
Employee costs		..	..	..
Supplies and services		(159,321)	(160,121)	(160,221)
Grants and subsidies	90,101,110	(204,079)	(230,406)	(423,432)
Borrowing costs		(1,442,521)	(1,475,778)	(1,440,314)
Other	102,111	(3,982,242)	(3,850,485)	(4,167,953)
Transfers to Government	91,103,112	(32,392,266)	(34,453,954)	(34,563,674)
<b>Net cash provided by or used in operating activities</b>		<b>(5,022)</b>	<b>526,313</b>	<b>(4,405)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		19,644	21,345	20,512
<b>Outflows:</b>				
Payments for non-financial assets		..	..	..
Payments for investments	92,113	..	(1,363,804)	..
Loans and advances made	93,114	(6,000)	(1,500)	(5,500)
<b>Net cash provided by or used in investing activities</b>		<b>13,644</b>	<b>(1,343,959)</b>	<b>15,012</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings	94,104,115	934,500	790,732	287,500
Equity injections	95,116	..	1,008,736	2,664
<b>Outflows:</b>				
Borrowing redemptions	96,105,117	(3,103)	(1,014,543)	(282,566)
Finance lease payments		..	..	..
Equity withdrawals	97,106	(930,000)	(332,944)	(285,664)
<b>Net cash provided by or used in financing activities</b>		<b>1,397</b>	<b>451,981</b>	<b>(278,066)</b>
<b>Net increase/(decrease) in cash held</b>		<b>10,019</b>	<b>(365,665)</b>	<b>(267,459)</b>
<b>Cash at the beginning of financial year</b>		<b>(2,531,644)</b>	<b>(2,136,518)</b>	<b>(2,502,183)</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>(2,521,625)</b>	<b>(2,502,183)</b>	<b>(2,769,642)</b>

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

# Explanation of variances in the financial statements

## Income statement

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

1. The decrease in Appropriation revenue is primarily due to funding carried over to future years for the State Penalties Enforcement Registry (SPER) Transformation Program and other departmental projects, partially offset by funding for the Back to Work Program being reclassified from Administered to Controlled.
2. The increase in User charges and fees is primarily due to the volume of reimbursable projects managed by Commercial being unknown when the 2016-17 Budget was developed. Also contributing is additional survey revenue for the Government Statistician's Office.
3. The increase in Grants and subsidies is primarily due to grant payments associated with the Back to Work Program being reclassified from Administered to Controlled.
4. The decrease in Depreciation and amortisation is primarily due to changed amortisation schedule for capital expenditure associated with the improved revenue management services into the future in the Office of State Revenue (OSR).

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

5. The increase in Appropriation revenue is primarily due to additional funding provided for the OSR Transformation Program, additional funding for the Back to Work Program and additional funding for annual wage increases. These are partially offset by a reduction in funding for OSR to improve compliance, client interaction and service delivery and the finalisation of a number of departmental projects.
6. The increase in Grants and other contributions is primarily due to additional funding from WorkCover Queensland for the Workers' Compensation Services and Workplace Health and Safety Queensland.
7. The increase in Employee expenses is primarily due to an increase in delivery costs associated with the Back to Work Program and additional expenditure resulting from annual wage increases.
8. The increase in Grants and subsidies is primarily due to grant payments associated with the Back to Work Program being reclassified from Administered to Controlled.

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

9. The increase in Appropriation revenue is primarily due to additional funding provided for the OSR Transformation Program, additional funding for the Back to Work Program, additional funding for annual wage increases and increased funding for the SPER Transformation Program. These are partially offset by a reduction in funding for OSR to improve compliance, client interaction and service delivery.
10. The decrease in User charges and fees is mainly due to only approved reimbursable projects managed by Commercial being included in the 2017-18 Budget. Government projects are allocated to Commercial progressively and funding models and accurate budgeting outcomes will only be available when projects are approved and allocated to Commercial.
11. The increase in Grants and other contributions is primarily due to additional funding from WorkCover Queensland for the Workers' Compensation Services and Workplace Health and Safety Queensland.
12. The increase in Employee expenses is primarily due to an increase in delivery costs associated with the Back to Work Program, additional expenditure resulting from annual wage increases and the filling of vacant positions.
13. The increase in Depreciation and amortisation is primarily due to additional capital expenditure associated with the OSR Transformation Program.

## Balance sheet

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

14. The decrease in Cash assets is primarily due to increased grants receivable from WorkCover Queensland for the Workers' Compensation Services and Workplace Health and Safety Queensland, and a one-off equity withdrawal payment to WorkCover Queensland. These are partially offset by increased accrued employee expenses and SPER accrued expenses.
15. The increase in Receivables is primarily due to increased grants receivable from WorkCover Queensland for the Workers' Compensation Services and Workplace Health and Safety Queensland.

16. The increase in Property, plant and equipment is a result of decreased accumulated depreciation.
17. The increase in Payables reflects increased SPER accrued expenses.
18. The increase in Accrued employee expenses reflects the trends in accrued expenses at the end of year.
19. The decrease in non-current Payables reflects lease liabilities being transferred from non-current to current.
20. The decrease in Equity is primarily due to a one-off transfer of cash to WorkCover Queensland through equity withdrawal.

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

21. The decrease in Cash assets is primarily due to increased grants receivable from WorkCover Queensland for the Workers' Compensation Services and Workplace Health and Safety Queensland, and a one-off equity withdrawal payment to WorkCover Queensland. These are partially offset by increased accrued employee expenses and SPER accrued expenses.
22. The increase in Receivables is primarily due to increased grants receivable from WorkCover Queensland for the Workers' Compensation Services and Workplace Health and Safety Queensland.
23. The increase in Other financial assets reflects increased investment by the Business Development Fund. The Fund provides early stage venture capital by investing in innovative growing businesses based in Queensland to create new opportunities and productive capacity.
24. The increase in Property, plant and equipment reflects capital expenditure planned for 2017-18.
25. The increase in Intangibles reflects additional capital expenditure planned for 2017-18 as a result of the OSR Transformation Program, partially offset by amortisation expenses expected for 2017-18.
26. The increase in Payables reflects increased SPER accrued expenses.
27. The increase in Accrued employee expenses reflects the trends in accrued expenses at the end of year.
28. The decrease in non-current Payables reflects lease liabilities being transferred from non-current to current.
29. The increase in Equity is primarily due to equity injections for the Business Development Fund investment and capital expenditure associated with the OSR Transformation Program, partially offset by a one-off transfer of cash to WorkCover Queensland and the return of depreciation funding via equity withdrawals.

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

30. The increase in Other financial assets reflects increased investment by the Business Development Fund.
31. The increase in Intangibles reflects additional capital expenditure planned for 2017-18 as a result of the OSR Transformation Program, partially offset by amortisation expenses expected for 2017-18.
32. The increase in Equity is primarily due to equity injections for the Business Development Fund investment and capital expenditure associated with the OSR Transformation Program, partially offset by the return of depreciation funding via equity withdrawals.

## Cash flow statement

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

33. The decrease in Appropriation receipts is primarily due to funding carried over to future years for the SPER Transformation Program and other departmental projects, partially offset by funding for the Back to Work Program being reclassified from Administered to Controlled.
34. The increase in User charges and fees is primarily due to the volume of reimbursable projects managed by Commercial being unknown when the 2016-17 Budget was developed. Also contributing is additional survey revenue for the Government Statistician's Office.
35. The increase in Grants and subsidies is primarily due to grant payments associated with the Back to Work Program being reclassified from Administered to Controlled.
36. The increase in Equity withdrawals is primarily due to a one-off transfer of cash to WorkCover Queensland.

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

37. The increase in Appropriation revenue is primarily due to additional funding provided for the OSR Transformation Program, additional funding for the Back to Work Program and additional funding for annual wage increases. These are partially offset by a reduction in funding for OSR to improve compliance, client interaction and service delivery and the finalisation of a number of departmental projects.

38. The increase in Grants and other contributions is primarily due to additional funding from WorkCover Queensland for the Workers' Compensation Services and Workplace Health and Safety Queensland.
39. The increase in Employee expenses is primarily due to an increase in delivery costs associated with the Back to Work Program and additional expenditure resulting from annual wage increases.
40. The increase in Grants and subsidies is primarily due to grant payments associated with the Back to Work Program being reclassified from Administered to Controlled.
41. The increase in Payments for non-financial assets is primarily due to capital investment for the OSR Transformation Program.
42. The increase in Equity injections reflects capital investment for the OSR Transformation Program during 2017-18.
43. The increase in Equity withdrawals primarily reflects the returning of amortisation funding for the OSR Transformation Program during 2017-18.

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

44. The increase in Appropriation revenue is primarily due to additional funding provided for the OSR Transformation Program, additional funding for the Back to Work Program, additional funding for annual wage increases and increased funding for the SPER Transformation Program. These are partially offset by a reduction in funding for OSR to improve compliance, client interaction and service delivery.
45. The decrease in User charges and fees is mainly due to only approved reimbursable projects managed by Commercial being included in the 2017-18 Budget. Government projects are allocated to Commercial progressively and funding models and accurate budgeting outcomes will only be available when projects are approved and allocated to Commercial.
46. The increase in Grants and other contributions is primarily due to additional funding from WorkCover Queensland for the Workers' Compensation Services and Workplace Health and Safety Queensland.
47. The increase in Employee expenses is primarily due to an increase in program delivery costs associated with the Back to Work Program, additional expenditure resulting from annual wage increases and the filling of vacant positions.
48. The increase in Payments for non-financial assets is primarily due to capital investment for the OSR Transformation Program.
49. The increase in Equity injections primarily reflects capital investment for the OSR Transformation Program during 2017-18.
50. The increase in Equity withdrawals reflects the returning of amortisation funding for the OSR Transformation Program during 2017-18.

## **Administered income statement**

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

51. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 55 to 56.
52. The increase in Royalties and land rents reflects the impact of higher coal prices on coal royalties.
53. The increase in Grants and other contributions reflects the increased Natural Disaster Relief and Recovery Arrangements (NDRRA) funding from the Australian Government, partially offset by reduced GST payments to Queensland.
54. The decrease in Other revenue relates to lower competitive neutrality fees.
55. The increase in Grants and subsidies reflects an increase in Queensland First Home Owners' Grant.
56. The increase in Finance/borrowing costs reflects the market value realisation (MVR) effect of the repayment of borrowings. This was budgeted for centrally at the time of the 2016-17 Budget, due to the uncertainty surrounding changes in interest rates. The change mainly arises from Debt Action Plan proceeds which were held in the QTC redraw facility at 30 June 2016 and used to repay debt in July and August 2016. MVR arises because debt must be extinguished at current market value as calculated by QTC.
57. The decrease in Losses on sale/revaluation of assets is primarily associated with reduced impairments in SPER, due to decreased tolling debt referrals.
58. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 52 to 54.

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

59. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 64 to 65.
60. The increase in Royalties and land rents reflects the impact of higher coal prices on coal royalties.
61. The increase in Grants and other contributions is due to growth in GST payments to Queensland.
62. The increase in Interest revenue relates to balances held in working capital funds during the year.
63. The decrease in Other revenue relates to a decrease in competitive neutrality fees.
64. The increase in Grants and subsidies primarily relates to the full year impact of machinery-of-government changes to transfer administrative responsibility for the Queensland Racing Integrity Commission (QRIC) from the Department of National Parks, Sport and Racing (DNPSR) and to transfer administrative responsibility for Trade and Investment Queensland (TIQ) from the Department of Infrastructure, Local Government and Planning (DILGP). Also contributing is the increased expenditure for Jobs and Regional Growth package, Back to Work Program and Queensland First Home Owners' Grant.
65. The increase in Other expenses mainly relates to the State's share of superannuation beneficiary payments and higher Annual Leave Central Scheme payments.
66. The decrease in Losses on sale/revaluation of assets is primarily associated with reduced impairments in SPER, due to decreased tolling debt referrals.
67. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 60 to 63.

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

68. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 73 to 75.
69. The decrease in Royalties and land rents reflects the impact of lower coal prices on coal royalties.
70. The increase in Grants and other contributions is due to growth in GST payments to Queensland, partially offset by lower NDRRA funding from the Australian Government.
71. The increase in Interest revenue relates to balances held in working capital funds.
72. The increase in Other revenue relates to higher competitive neutrality fees.
73. The increase in Grants and subsidies primarily relates to the full year impact of machinery-of-government changes to transfer administrative responsibility for QRIC from DNPSR and to transfer administrative responsibility for TIQ from DILGP. Also contributing is the increased expenditure for Jobs and Regional Growth package and Back to Work Program.
74. The decrease in Finance/borrowing costs largely reflects the market value realisation charge on repayment of borrowing made in 2016-17. No debt repayments are scheduled for 2017-18.
75. The increase in Other expenses mainly relates to the State's share of superannuation beneficiary payments and higher Annual Leave Central Scheme payments.
76. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 69 to 72.

## Administered balance sheet

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

77. The increase in Receivables primarily reflects a reduction in impairments and write-offs of receivables for SPER infringements. Also contributing is an increase in accrued taxes and royalties recognised at year end.
78. This reflects the administered revenue yet to be transferred to the Consolidated Fund at year end. The increase in 2016-17 Estimated Actual is a result of a reduction in impairments and write-offs of receivables for SPER infringements. Also contributing is an increase in accrued taxes and royalties recognised at year end.
79. The increase in current Interest bearing liabilities represents advances received from government-owned corporations (GOCs) as part of the Cash Management Strategy.
80. The decrease in Interest bearing liabilities and derivatives represents lower net whole-of-government borrowing requirements for 2016-17 than originally expected, resulting in a net repayment of debt. This result was mainly attributable to the improved operating position and the reprofiling of the capital program.

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

81. The increase in Receivables primarily reflects a reduction in impairments and write-offs of receivables for SPER infringements. Also contributing is an increase in accrued taxes and royalties recognised at year end.
82. This reflects the administered revenue yet to be transferred to the Consolidated Fund at year end. The increase in 2017-18 is a result of a reduction in impairments and write-offs of receivables for SPER infringements. Also contributing is an increase in accrued taxes and royalties recognised at year end.
83. The increase in current Interest bearing liabilities represents net movements in advances as part of the Cash Management Strategy.
84. The decrease in Interest bearing liabilities and derivatives mainly represents the lower stock of borrowings at 30 June 2017.

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

85. The decrease in current Interest bearing liabilities represents net movements in advances as part of the Cash Management Strategy.
86. The decrease in Interest bearing liabilities and derivatives predominantly reflects the net effect of the restructuring of the debt and equity of other public sector entities.

## Administered cash flow statement

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

87. Appropriation receipts are received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Note 90.
88. The increase in Royalties and land rents reflects the impact of higher coal prices on coal royalties.
89. The increase in Grants and other contributions reflects the increased NDRRA funding from the Australian Government, partially offset by reduced GST payments to Queensland.
90. The increase in Grants and subsidies reflects an increase in Queensland First Home Owners' Grant.
91. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 88 to 89.
92. Payments for investments in the 2016-17 Estimated Actual relate to investment of unexpected surplus cash from operations into the QTC Cash Fund during 2016-17 which was subsequently transferred to the redraw facility to offset debt.
93. This represents anticipated level of loans made to the Queensland Reconstruction Authority (QRA) relating to NDRRA events.
94. The decrease in new borrowings reflects lower borrowing requirements than expected at budget offset by the receipt of cash advances from GOCs.
95. The increase in Equity injections mainly reflects the repayment of debt in 2016-17 due to the improved operating position of the State for that year, which was not anticipated at original budget.
96. The increase in Borrowing redemptions reflects the repayment of debt in 2016-17 due to the improved operating position of the State for that year, which was not anticipated at original budget.
97. The decrease in Equity withdrawals reflects that no new borrowing was raised in 2016-17 due to the improved operating position of the State.

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

98. Appropriation receipts are received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 101 to 102.
99. The increase in Royalties and land rents reflects the impact of higher coal prices on coal royalties.
100. The increase in Grants and other contributions is due to growth in GST payments to Queensland.
101. The increase in Grants and subsidies primarily relates to the full year impact of machinery-of-government changes to transfer administrative responsibility for QRIC from DNPSR and to transfer administrative responsibility for TIQ from DILGP. Also contributing is the increased expenditure for Jobs and Regional Growth package, Back to Work Program and Queensland First Home Owners' Grant.
102. The increase in Other operating outflows mainly relates to the State's share of superannuation beneficiary payments and higher Annual Leave Central Scheme payments.

103. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 99 to 100.
104. The decrease in new borrowings reflects lower borrowing requirements in the 2017-18 Budget.
105. The increase in Borrowing redemption reflects the repayment of advances to GOCs under the Cash Management Strategy.
106. The decrease in Equity withdrawals reflects that less borrowing is anticipated in 2017-18 to be transferred to the Consolidated Fund.

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

107. Appropriation receipts is received from the Consolidated Fund to fund administered expenses. Material changes in administered expenses are outlined in Notes 110 to 111.
108. The decrease in Royalties and land rents reflects the impact of lower coal prices on coal royalties.
109. The increase in Grants and other contributions is due to growth in GST payments to Queensland, partially offset by lower NDRRA funding from the Australian Government.
110. The increase in Grants and subsidies primarily relates to the full year impact of machinery-of-government changes to transfer administrative responsibility for QRIC from DNPSR and to transfer administrative responsibility for TIQ from DILGP. Also contributing is the increased expenditure for Jobs and Regional Growth package and Back to Work Program.
111. The increase in Other operating outflows mainly relates to the State's share of superannuation beneficiary payments and higher Annual Leave Central Scheme payments.
112. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Material changes in administered revenue are outlined in Notes 108 to 109.
113. Payments for investments in the 2016-17 Estimated Actual relate to investments in the QTC Cash Fund made during 2016-17.
114. This represents anticipated level of loans made to QRA relating to NDRRA events.
115. The decrease in new borrowings reflects lower borrowing requirements in 2017-18 than in 2016-17.
116. The decrease in Equity injections mainly reflects the repayment of debt in 2016-17. No debt repayments are scheduled for 2017-18.
117. The decrease in Borrowing redemption reflects that no debt repayments are scheduled for 2017-18 with the exception of repayments of advances to GOCs under the Cash Management Strategy.

# Statutory bodies

## Motor Accident Insurance Commission/Nominal Defendant

### Overview

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

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

In 2017-18, MAIC and the Nominal Defendant's strategic objectives are to:

- provide a viable and equitable personal injury motor accident insurance scheme
- continually improve the operational performance of the Nominal Defendant.

In 2017-18, the Queensland Government's objectives for the community will be supported by:

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

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

### Service summary

Key achievements for 2016-17 include:

- contributing to the Queensland's Personalised Transport Horizons reforms ensuring Queenslanders have safe, reliable, and affordable personalised transport services and a sustainable and competitive industry to deliver them
- completing a review of Queensland's CTP scheme including engaging with key stakeholders to ensure the affordability, efficiency and ongoing sustainability of the scheme and to delivering sustainable savings to motorists
- establishing a road safety innovation fund to invest in research and targeted initiatives aimed at reducing incidence of road traffic crashes.

MAIC and the Nominal Defendant's key priorities for 2017-18 include:

- implementing the recommendations of the CTP scheme review, including the immediate progression of seven recommendations and the further investigation of five recommendations to provide for greater scheme efficiency and affordability
- exploring opportunities that position MAIC and the CTP scheme to manage future innovation and disruption
- continuing to support a culture of innovation and improvement in service delivery within MAIC, Nominal Defendant and across the CTP scheme.



# Service performance

## Performance statement

### Motor Accident Insurance Commission/Nominal Defendant

#### Service area objective:

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

#### Service area description:

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

Motor Accident Insurance Commission / Nominal Defendant	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Motor Accident Insurance Commission/Nominal Defendant</b>				
<b>Service standards</b> <i>Effectiveness measure</i> Highest filed CTP premium for Class 1 vehicles (sedans and station wagons) as a percentage of average weekly earnings		<45%	<45%	<45%
<i>Efficiency measures</i> Percentage of Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year		50%	50%	50%
Percentage of Nominal Defendant claims settled within two years of compliance		50%	50%	50%
Percentage of Nominal Defendant claims with general damages paid within 60 days of the settlement date		95%	95%	95%

# Staffing<sup>1</sup>

<b>Motor Accident Insurance Commission/ Nominal Defendant</b>	<b>Notes</b>	<b>2016-17 Budget</b>	<b>2016-17 Est. Actual</b>	<b>2017-18 Budget</b>
Motor Accident Insurance Commission/Nominal Defendant		37	37	37

Note:

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

# Income statement

Motor Accident Insurance Commission	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
Taxes		6,128	6,128	6,312
User charges and fees	1,11	..	733	..
Grants and other contributions		..	..	..
Interest	2,7,12	11,424	15,858	10,562
Other revenue		6,750	7,000	7,000
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>24,302</b>	<b>29,719</b>	<b>23,874</b>
<b>EXPENSES</b>				
Employee expenses	3	2,945	2,645	2,758
Supplies and services	4,8,13	3,226	3,426	4,066
Grants and subsidies	5,9,14	20,000	16,000	17,000
Depreciation and amortisation		..	..	..
Finance/borrowing costs		..	..	..
Other expenses	6,10	277	48	50
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		<b>26,448</b>	<b>22,119</b>	<b>23,874</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(2,146)</b>	<b>7,600</b>	<b>..</b>

# Balance sheet

Motor Accident Insurance Commission	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		2,370	2,568	2,568
Receivables		423	401	399
Other financial assets	15	26,601	28,208	28,208
Inventories		..	..	..
Other		209	..	..
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>29,603</b>	<b>31,177</b>	<b>31,175</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets	16	128,036	143,447	143,455
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>128,036</b>	<b>143,447</b>	<b>143,455</b>
<b>TOTAL ASSETS</b>		<b>157,639</b>	<b>174,624</b>	<b>174,630</b>
<b>CURRENT LIABILITIES</b>				
Payables		371	316	320
Accrued employee benefits		80	106	108
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>451</b>	<b>422</b>	<b>428</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>TOTAL LIABILITIES</b>		<b>451</b>	<b>422</b>	<b>428</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>157,188</b>	<b>174,202</b>	<b>174,202</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	17	<b>157,188</b>	<b>174,202</b>	<b>174,202</b>

# Cash flow statement

Motor Accident Insurance Commission	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees	18,31	2	735	2
Grants and other contributions		..	..	..
Interest received	19,26,32	11,424	15,858	10,562
Taxes		6,128	6,128	6,312
Other		6,750	7,000	7,000
<b>Outflows:</b>				
Employee costs	20	(2,943)	(2,643)	(2,756)
Supplies and services	21,27,33	(3,222)	(3,394)	(4,062)
Grants and subsidies	22,28,34	(20,000)	(16,000)	(17,000)
Borrowing costs		..	..	..
Other	23,29	(277)	(48)	(50)
<b>Net cash provided by or used in operating activities</b>		<b>(2,138)</b>	<b>7,636</b>	<b>8</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		..	..	..
Investments redeemed	24,30	2,138	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non-financial assets		..	..	..
Payments for investments	25,35	..	(7,636)	(8)
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>2,138</b>	<b>(7,636)</b>	<b>(8)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by or used in financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>2,370</b>	<b>2,568</b>	<b>2,568</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>2,370</b>	<b>2,568</b>	<b>2,568</b>

# Explanation of variances in the financial statements

## Income statement

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

1. The increase in user charges and fees relates to the provision of corporate support services to the National Injury Insurance Agency, Queensland (NIIAQ) which commenced operations on 1 July 2016.
2. The increase is due to higher than expected rate of return on Queensland Investment Corporation (QIC) investments as a result of improvements in the global equity markets. The 2016-17 Budget was based on QIC's estimate of long term average annual rate of return for the portfolio.
3. The decrease in employee expenses is primarily due to vacancies during the year.
4. The increase in supplies and services is primarily due to costs associated with reviewing the CTP scheme.
5. The decrease in grants and subsidies is due to proposed investments in research activities not eventuating in 2016-17.
6. The decrease in other expenses is due to a reclassification of sponsorships to grants and subsidies.

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

7. The budget assumption for 2017-18 is based on QIC's estimate of the long term average annual rate of return for the investment portfolio on the projected QIC balance as at 30 June 2017.
8. The increase in supplies and services is primarily due to costs associated with MAIC implementing the recommendations of the CTP scheme review.
9. The grants and subsidies expense reflects proposed investment in targeted research and service delivery initiatives to benefit motorists through reducing the incidence and cost of road trauma.
10. The decrease in other expenses is due to a reclassification of sponsorships to grants and subsidies.

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

11. The decrease in user charges and fees relates to the cessation of corporate support services to the NIIAQ in 2017-18. Corporate support services were provided in 2016-17 to assist with the establishment of NIIAQ. It is anticipated that the services will no longer be required in 2017-18.
12. The budget assumption for 2017-18 is based on QIC's estimate of the long term average annual rate of return for the investment portfolio on the projected QIC balance as at 30 June 2017.
13. The increase in supplies and services is primarily due to costs associated with MAIC implementing the recommendations of the CTP scheme review.
14. The grants and subsidies expense reflects proposed investment in targeted research and service delivery initiatives to benefit motorists through reducing the incidence and cost of road trauma.

## Balance sheet

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

15. An increase in current other financial assets is due to reclassification from non-current to current investments.
16. An increase in non-current other financial assets reflects audited opening balances and an increase in the projected operating result available for investment, partially offset by a reclassification from non-current to current investments.
17. An increase in total equity is a result of an increase in the projected operating surplus primarily relating to higher than expected rate of return on QIC investment.

## Cash flow statement

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

18. The increase in user charges and fees relates to the provision of corporate support services to the NIIAQ which commenced operations on 1 July 2016.

19. The increase in interest received is due to a higher than expected rate of return on QIC investment as a result of improvements in the global equity markets.
20. The decrease in employee expenses is primarily due to vacancies during the year.
21. The increase in supplies and services is primarily due to costs associated with reviewing the CTP scheme.
22. The decrease in grants and subsidies is due to proposed investments in research activities not eventuating in 2016-17.
23. The decrease in other expenses is due to a reclassification of sponsorships to grants and subsidies.
24. The decrease in investments redeemed reflects the projected increase in the 2016-17 operating result, resulting in funding available for investment.
25. The increase in payments for investments reflects the investment of higher than anticipated surplus funding provided by operating activities.

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

26. The budget assumption for 2017-18 is based on QIC's estimate of the long term average annual rate of return for the investment portfolio on the projected QIC balance as at 30 June 2017.
27. The increase in supplies and services is primarily due to costs associated with MAIC implementing the recommendations of the CTP scheme review.
28. The grants and subsidies expense reflects proposed investment in targeted research and service delivery initiatives to benefit motorists through reducing the incidence and cost of road trauma.
29. The decrease in other expenses is due to a reclassification of sponsorships to grants and subsidies.
30. The decrease in investments redeemed reflects the projected increase in the 2017-18 operating result, resulting in funding available for investment.

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

31. The decrease in user charges and fees relates to the cessation of corporate support services to the NIIAQ in 2017-18. Corporate support services were provided in 2016-17 to assist with the establishment of NIIAQ. It is anticipated that the services will no longer be required in 2017-18.
32. The budget assumption for 2017-18 is based on QIC's estimate of the long term average annual rate of return for the investment portfolio on the projected QIC balance as at 30 June 2017.
33. The increase in supplies and services is primarily due to costs associated with MAIC implementing the recommendations of the CTP scheme review.
34. The grants and subsidies expense reflects proposed investment in targeted research and service delivery initiatives to benefit motorists through reducing the incidence and cost of road trauma.
35. The decrease in payments for investments reflects the projected decrease in the 2017-18 operating result, resulting in less funding available for investment.

# Income statement

Nominal Defendant	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
Taxes	3,7	44,529	44,529	41,642
User charges and fees		..	..	..
Grants and other contributions		..	..	..
Interest	1,4,8	51,808	37,354	23,068
Other revenue		..	..	..
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>96,337</b>	<b>81,883</b>	<b>64,710</b>
<b>EXPENSES</b>				
Employee expenses		1,515	1,515	1,615
Supplies and services	2,5	3,254	2,236	2,376
Grants and subsidies		..	..	..
Depreciation and amortisation		519	519	519
Finance/borrowing costs		..	..	..
Other expenses	6,9	48,339	47,666	50,983
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		<b>53,627</b>	<b>51,936</b>	<b>55,493</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>42,710</b>	<b>29,947</b>	<b>9,217</b>



# Balance sheet

Nominal Defendant	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		3,118	3,358	3,358
Receivables		1,047	1,031	1,031
Other financial assets	10,16,21	234,292	81,790	88,178
Inventories		..	..	..
Other		228	5	5
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>238,685</b>	<b>86,184</b>	<b>92,572</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	11,17	3,895	2,693	2,693
Other financial assets	12,18,22	775,170	325,836	351,284
Property, plant and equipment		..	..	..
Intangibles		1,990	1,990	1,471
Other		..	..	..
<b>Total non-current assets</b>		<b>781,055</b>	<b>330,519</b>	<b>355,448</b>
<b>TOTAL ASSETS</b>		<b>1,019,740</b>	<b>416,703</b>	<b>448,020</b>
<b>CURRENT LIABILITIES</b>				
Payables		478	391	441
Accrued employee benefits		40	61	62
Interest bearing liabilities and derivatives		..	..	..
Provisions	13,23	38,661	34,636	39,266
Other		22,447	21,827	21,827
<b>Total current liabilities</b>		<b>61,626</b>	<b>56,915</b>	<b>61,596</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions	14,19,24	145,441	130,296	147,715
Other		..	..	..
<b>Total non-current liabilities</b>		<b>145,441</b>	<b>130,296</b>	<b>147,715</b>
<b>TOTAL LIABILITIES</b>		<b>207,067</b>	<b>187,211</b>	<b>209,311</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>812,673</b>	<b>229,492</b>	<b>238,709</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	15,20,25	<b>812,673</b>	<b>229,492</b>	<b>238,709</b>

# Cash flow statement

Nominal Defendant	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees		..	..	..
Grants and other contributions		..	..	..
Interest received	26,31,35	51,808	37,354	23,068
Taxes	32,36	44,529	44,529	41,642
Other	27,37	..	1,267	..
<b>Outflows:</b>				
Employee costs		(1,514)	(1,514)	(1,614)
Supplies and services	28,33	(3,204)	(2,182)	(2,326)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	29,38	(29,851)	(24,159)	(28,934)
<b>Net cash provided by or used in operating activities</b>		<b>61,768</b>	<b>55,295</b>	<b>31,836</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	30,34,39	(61,768)	(55,295)	(31,836)
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(61,768)</b>	<b>(55,295)</b>	<b>(31,836)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by or used in financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>3,118</b>	<b>3,358</b>	<b>3,358</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>3,118</b>	<b>3,358</b>	<b>3,358</b>

# Explanation of variances in the financial statements

## Income statement

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

1. The decrease in interest revenue is primarily due to the reduced investment fund balance as a result of the \$600 million transfer from the Nominal Defendant (ND) to the National Injury Insurance Agency Queensland (NIIAQ) in August 2016. This is partially offset by higher than expected rate of return on Queensland Investment Corporation (QIC) investments as a result of improvements in the global equity markets.
2. The decrease in supplies and services is due to lower QIC management fees as a result of the reduced investment fund balance following the transfer of \$600 million from ND to NIIAQ in August 2016.

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

3. The ND levy per policy for Class 1 reduced from \$11.00 in 2016-17 to \$10.00 in 2017-18.
4. The decrease in interest revenue is primarily due to the reduced investment fund balance as a result of the \$600 million transfer from the ND to the NIIAQ. The budget assumption for 2017-18 is based on QIC's estimate of the long term average annual rate of return for the investment portfolio on the projected QIC balance as at 30 June 2017.
5. The decrease in supplies and services is due to lower QIC management fees as a result of the reduced investment fund balance following the transfer of \$600 million from ND to NIIAQ in August 2016.
6. An increase in other expenses reflects a projected increase in ND claim costs.

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

7. The ND levy per policy for Class 1 reduced from \$11.00 in 2016-17 to \$10.00 in 2017-18.
8. The budget assumption for 2017-18 is based on QIC's estimate of the long term average annual rate of return for the investment portfolio on the projected QIC balance as at 30 June 2017.
9. An increase in other expenses reflects a projected increase in ND claim costs.

## Balance sheet

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

10. The decrease in current other financial assets is primarily due to the reduced investment fund balance as a result of a \$600 million transfer from ND to NIIAQ in August 2016. The variance is partially offset by reclassifications between current and non-current investments.
11. The decrease in non-current receivables reflects the decrease in ND claim recovery receivable.
12. The decrease in non-current financial assets is primarily due to the reduced investment fund balance as a result of the \$600 million transfer from ND to NIIAQ in August 2016.
13. The decrease in current provisions relates to the movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment outcomes.
14. The decrease in non-current provisions relates to the movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment outcomes.
15. The decrease in total equity is a result of the \$600 million transfer from ND to NIIAQ in August 2016, partially offset by the projected increase in the operating surplus due to higher than expected returns on QIC investments.

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

16. The decrease in current other financial assets is primarily due to the reduced investment fund balance as a result of \$600 million transfer from ND to NIIAQ in August 2016. The variance is partially offset by reclassifications between current and non-current investments.
17. The decrease in non-current receivables reflects the decrease in ND claim recovery receivable.
18. The decrease in non-current financial assets is primarily due to the reduced investment fund balance as a result of the \$600 million transfer from ND to NIIAQ in August 2016.
19. The increase in non-current provisions relates to the movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment outcomes.

20. The decrease in total equity is a result of the \$600 million transfer from ND to NIIAQ in August 2016, partially offset by projected operating surplus for 2017-18.

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

21. The increase in current other financial assets reflects the level of surplus funding being invested.
22. The increase in non-current other financial assets reflects audited opening balances and reflects the level of surplus funding being invested.
23. The increase in current provisions relates to the movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment outcomes.
24. The increase in non-current provisions relates to the movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment outcomes.
25. The increase in total equity reflects the projected operating result for 2017-18.

## Cash flow statement

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

26. The decrease in interest received is primarily due to lower returns on QIC investments as a result of the reduced investment fund balance following the transfer of \$600 million from ND to NIIAQ. This is partially offset by higher than expected rate of return on QIC investments as a result of improvements in the global equity markets.
27. The increase in other operating inflows is primarily due to sharing recoveries received.
28. The decrease in supplies and services is a result of reductions in QIC management fees due to a lower investment fund balance following the transfer of \$600 million from ND to NIIAQ.
29. The decrease in other operating outflows reflects a projected decrease in ND claims costs.
30. The decrease in payments for investments reflects the projected decrease in the operating results, resulting in less funding available for investment.

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

31. The decrease in interest received is primarily due to the reduced investment fund balance as a result of the \$600 million transfer from the ND to the NIIAQ. The budget assumption for 2017-18 is based on QIC's estimate of the long term average annual rate of return for the investment portfolio on the projected QIC balance as at 30 June 2017.
32. The ND levy per policy for Class 1 reduced from \$11.00 in 2016-17 to \$10.00 in 2017-18.
33. The decrease in supplies and services is a result of reductions in QIC management fees due to a lower investment fund balance following the transfer of \$600 million from ND to NIIAQ.
34. The decrease in payments for investments reflects the projected decrease in the operating results, resulting in less funding available for investment.

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

35. The budget assumption for 2017-18 is based on QIC's estimate of the long term average annual rate of return for the investment portfolio on the projected QIC balance as at 30 June 2017.
36. The ND levy per policy for Class 1 reduced from \$11.00 in 2016-17 to \$10.00 in 2017-18.
37. The decrease in other operating inflows is due to no sharing recoveries being anticipated for 2017-18.
38. The increase in other operating outflows reflects a projected increase in ND claims costs.
39. The decrease in payments for investments reflects the projected decrease in the operating results, resulting in less funding available for investment.

# Queensland Productivity Commission

## Overview

The Commission is an independent statutory body established under the *Queensland Productivity Commission Act 2015*. It provides independent economic and policy advice to the State with the goal of increasing productivity, driving economic growth and improving living standards in Queensland.

The Commission's main functions include:

- public inquiries into matters relating to productivity, economic development and industry in Queensland
- research and advice on matters beyond the formal inquiry function
- advice and guidance to government departments on the quality of regulatory proposals
- investigation of competitive neutrality complaints about state and local government business activities.

In 2017-18, the Commission will contribute towards the Queensland Government's objectives for the community, specifically in creating jobs and a diverse economy and delivering quality frontline services. It will do this through providing independent, expert policy advice on issues relating to productivity, best practice regulation and competitive neutrality.

The Commission's strategic objectives are outlined below:

- findings and recommendations are based on our own analysis and judgement
- providing high quality advice, based on robust evidence-based analysis that is timely and useful to stakeholders
- engaging effectively and openly with key stakeholders and interested parties
- attracting and retaining capable and committed people to deliver high quality work.

A key risk for the Commission is the willingness of stakeholders to engage in the inquiry and competitive neutrality investigation processes to inform well-considered recommendations to Government.

## Service summary

In 2016-17 the Commission commenced two major inquiries as directed by the Treasurer:

- **Manufacturing in Queensland:** to identify options to improve the sector's productivity and competitiveness. An issues paper was released for public consultation in October 2016 and a draft report was released in May 2017. The final report is scheduled to be delivered in August 2017.
- **Service delivery in remote and discrete Aboriginal and Torres Strait Islander communities:** to consider how available resources can be best used to improve outcomes that meet the needs of discrete and remote Aboriginal and Torres Strait Islander communities. A consultation paper was released in March 2017. A draft report is due for release in August 2017, with a final report to be delivered in November 2017.

Five competitive neutrality complaints were investigated and reports completed in 2016-17.

The Commission provided advice, guidance and assessment of approximately 300 regulatory proposals to ensure impacts are carefully and fully assessed. In August 2016, the Queensland Government Guide to Better Regulation replaced the Regulatory Impact System Guidelines (July 2013). The Guide will assist agencies to develop regulation that is necessary, effective and efficient and has clear benefits for Queensland. It streamlines the assessment of low risk, low impact regulatory proposals by having departments self-assess. The Commission has a new audit role evaluating the success of departmental self-assessments.

In February 2017, advice was provided to the Government on the Red Tape Advisory Council recommendations to identify models of regulation that can reduce the burden of regulation.

In 2017-18, the Commission will continue to deliver its inquiry work program, independent regulatory advice and guidance to departments, and investigate any competitive neutrality complaints against state and local government businesses.

# Service performance

## Performance statement

### Queensland Productivity Commission

#### Service area objective

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

The Commission operates and reports independently on the basis of tasks referred to it by Government via the Treasurer as the responsible Minister. The Commission's functions are advisory only. Any policy action arising from the Commission's recommendations is a matter for the Queensland Government.

The Commission reports on the relevance, quality and timeliness of its activities in its annual report.

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

Queensland Productivity Commission	Notes	2016-17 Budget	2016-17 Est. Actual	2017-18 Budget
Queensland Productivity Commission	2	28	22	28

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The difference in FTEs between the 2016-17 Budget and the 2016-17 Estimated Actual reflects staff vacancies.

# Trade and Investment Queensland

## Overview

Trade and Investment Queensland (TIQ) is the Queensland Government's dedicated global business agency for trade and investment promotion.

TIQ uses its global and regional office networks to identify international export opportunities, to promote Queensland exporters to potential customers, to identify international investors for foreign direct investment and to promote Queensland as an ideal destination offering diverse sectoral and investment solutions.

Through the whole-of-government Trade and Investment Strategy, TIQ seeks to promote Queensland capabilities and opportunities to the world and support our businesses to succeed in global markets. TIQ contributes to the Queensland Government's objective of creating jobs and a diverse economy by:

- growing diversified exports - contributing to jobs creation by enabling Queensland businesses across regions and sectors to be successful exporters
- job creating investment - attracting high value international investment into Queensland to enable a connected and innovative economy
- driving export and investment growth by identifying global opportunities and promoting Queensland's strengths to the world.

TIQ's activities align with Queensland Government policies where there is a significant role for international trade and investment including Advance Queensland and the development of Northern Queensland.

## Service summary

TIQ led the development of two major strategies in 2016-17. The first, the International Education and Training Strategy to Advance Queensland 2016-2026, articulates the Queensland Government's vision for the International Education and Training industry. It provides a framework for industry and government to work together to grow the industry and enhance the State's reputation as a leading global provider of international education and training services. The second strategy, the Advancing Trade and Investment – Queensland Trade and Investment Strategy 2017-2022 aims to use Queensland's natural and acquired strengths to tap into opportunities in international markets.

These two strategies include numerous initiatives which will be used to progress trade and investment opportunities throughout the State and across the globe and help attain our performance targets for 2017-18.

In addition to the two strategies, TIQ will continue to deliver on its other core responsibilities including:

- collaborating with other state government agencies in attracting foreign investment in Queensland
- encouraging Queensland businesses to link with emerging global opportunities by working closely with key trading partners (particularly in Asia); taking advantage of trade agreements or partner agreements; and capitalising on Queensland's supply chain connectivity and superior track-record in doing business
- working with other government agencies to position Queensland globally as a leader in a number of industries, with a particular focus on international education and training, biofuels, agriculture, mining technology, energy and resources, life sciences, medical technology and creative industries
- promoting Queensland as a preferred destination in Australia for business and skilled migrants
- coordinating Ministerial trade and investment missions to promote Queensland internationally
- developing and coordinating trade and investment policy advice for Queensland
- delivering the annual Premier of Queensland's Export Awards.

# Service performance

## Performance statement

### Trade and Investment Missions

#### Service area objective

To coordinate Ministerial trade and investment missions to promote Queensland internationally.

#### Service area description

Missions led by a Queensland Government Minister highlight the State as a world-class destination to invest, source world-class products and services and promote Queensland as a whole. These missions are also key tools to assist Queensland businesses to enter markets and identify business opportunities to which they may otherwise not have had access.

Similarly, for investment, missions led by Ministers provide Queensland-based investment projects with increased visibility and access to high-quality international investors. These missions specifically target potential investors and highlight the benefits of investing in our state.

TIQ's mission program team supports Ministerial trade and investment missions and official visits including those for the Governor and the Leader of the Opposition. Programs are developed based on Government priorities, market opportunities and business capability.

Through consultation with stakeholders, programs including in-market meetings, events and receptions are designed to provide an opportunity to develop stronger government to government and business relationships and increase trade and investment outcomes for Queensland businesses.

Trade and Investment Queensland	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Trade and Investment Missions</b>				
<b>Service standards</b>				
<i>Effectiveness measure</i>				
Overall level of satisfaction of Ministerial mission participants with the missions delivered by TIQ	1, 2	75%	84%	75%
<i>Efficiency measure</i> <sup>3</sup>				

Notes:

1. This service standard for effectiveness measures the level of satisfaction, timeliness and consistency of advice and services to produce an overall satisfaction result. Ministerial mission participants include Queensland Ministers, Directors-General and Queensland business delegates.
2. The wording of this service standard has been changed to increase readability, however the calculation methodology has not changed.
3. An efficiency measure is being developed and will be trialled internally in 2017-18 and included in a future *Service Delivery Statement*.



## Policy Advice and Coordination

### Service area objective

To support the development and coordination of trade and investment policy advice for the Queensland Government and Minister for Trade and Investment.

### Service area description

This service area promotes Queensland through supporting the appropriate development and coordination of policy advice for the Government. The service area provides:

- detailed advice to the Queensland Government on trade and investment policy, from development through to coordination and implementation
- trade and investment intelligence and operational advice and support to the Government in relation to trade and investment matters.

Trade and Investment Queensland	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Policy Advice and Coordination</b>				
<i>Effectiveness measure</i> Overall Government stakeholder satisfaction with advice and support on intergovernmental issues on trade and investment promotion	1, 2	75%	83%	75%
<i>Efficiency measure</i> <sup>3</sup>				

Notes:

1. This service standard informs on overall satisfaction levels with the quality, timeliness and support provided by TIQ and is derived from an annual client survey. Government stakeholders include Queensland Government Ministers, Directors-General and their agencies and other senior officers.
2. The wording of this service standard has been changed to increase readability, however the calculation methodology has not changed.
3. An efficiency measure is being developed and will be trialled internally in 2017-18 and included in a future *Service Delivery Statement*.

## Trade and Investment facilitation

### Service area objective

To facilitate trade and investment opportunities for Queensland businesses and encourage overseas investment in the Queensland economy.

### Service area description

To achieve its objective, the Trade and Investment facilitation service area:

- creates awareness within the Queensland business community of export and investment opportunities
- identifies Queensland companies with an internationally competitive export or investment offering
- promotes Queensland-based exporters and investment opportunities to potential customers through TIQ's global network
- provides market, sector and general business intelligence to clients in order for them to progress their international business dealings.

Trade and Investment Queensland	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Trade and Investment facilitation<sup>1</sup></b>				
<i>Effectiveness measures</i>				
Overall client satisfaction with advice and/or support provided to a Queensland organisation seeking to export a good or service.	2	75%	86%	75%
Overall client satisfaction of investment clients assisted by TIQ	2, 3	75%	89%	75%
Proportion of clients assisted by TIQ who report at least moderate progress in their international business dealings	4	New measure	New measure	75%
<i>Efficiency measures</i>				
Cost per export lead		\$5,500	\$5,900	\$5,600
Cost per investment lead		\$19,000	\$19,500	\$19,700

Notes:

1. In the 2016-17 *Service Delivery Statement* (SDS), Trade and Investment Services were separated. In the 2017-18 SDS they have been combined into one service area for simplicity as both functions utilise similar staff, resources and are primarily concerned with client facilitation.
2. This service standard provides an overall satisfaction level informed by the quality, timeliness and support provided by TIQ and is derived from client surveys.
3. The wording of this service standard has been changed to increase readability, however the calculation methodology has not changed.
4. This measure reports the percentage of clients who report TIQ has assisted them progress their international business dealings either moderately or significantly.

## Discontinued measures

Performance measures included in the 2016-17 *Service Delivery Statements* that have been discontinued or replaced are reported in the following table with Estimated Actual results.

Trade and Investment Queensland	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Trade and Investment facilitation</b>				
Cost per export deal	1	\$42,000	\$47,300	Discontinued measure
Cost per investment deal	1	\$150,000	\$156,000	Discontinued measure
Client satisfaction with advice and support which led to the successful export of a Queensland good or service	1	75%	86%	Discontinued measure
Client satisfaction with advice and/or support which led to a successful investment in Queensland	1	75%	89%	Discontinued measure

Note:

1. This measure has been discontinued as TIQ does not have influence over the finalisation of commercial agreements between organisations. These measures are not reported publicly elsewhere.

# Staffing<sup>1</sup>

Trade and Investment Queensland	Notes	2016-17 Budget	2016-17 Est. Actual	2017-18 Budget
Trade and Investment Queensland	2	128	127	136

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Trade and Investment Queensland (TIQ) employs 136 FTEs in Queensland as at 30 June and in accordance with the Queensland Government reporting on whole-of-government workforce data known as Minimum Obligatory Human Resource Information (MOHRI). TIQ also employs a further 74 FTEs across its international network in 15 offices across 12 countries under Locally Engaged Staff (LES) conditions. These LES are not accounted for in the MOHRI data reported by Government. The increase of 9 FTEs in the 2017-18 Budget is a result of the increased activities for the Trade and Investment Strategy.

# Income statement

Trade and Investment Queensland	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
Taxes		..	..	..
User charges and fees		674	674	701
Grants and other contributions	1,4	34,039	34,988	44,233
Interest		75	75	75
Other revenue		371	371	300
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>35,159</b>	<b>36,108</b>	<b>45,309</b>
<b>EXPENSES</b>				
Employee expenses	2,5	21,863	22,322	25,204
Supplies and services	3,6	13,847	13,402	19,764
Grants and subsidies		..	45	..
Depreciation and amortisation		200	200	200
Finance/borrowing costs		..	..	..
Other expenses		139	139	141
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		<b>36,049</b>	<b>36,108</b>	<b>45,309</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(890)</b>	<b>..</b>	<b>..</b>

# Balance sheet

Trade and Investment Queensland	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		2,158	2,457	2,657
Receivables		1,043	843	843
Other financial assets		..	..	..
Inventories		..	..	..
Other		775	766	766
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>3,976</b>	<b>4,066</b>	<b>4,266</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		456	424	424
Other financial assets		..	..	..
Property, plant and equipment	7,9	212	593	473
Intangibles		294	380	300
Other		..	..	..
<b>Total non-current assets</b>		<b>962</b>	<b>1,397</b>	<b>1,197</b>
<b>TOTAL ASSETS</b>		<b>4,938</b>	<b>5,463</b>	<b>5,463</b>
<b>CURRENT LIABILITIES</b>				
Payables		1,094	1,050	1,050
Accrued employee benefits		754	841	841
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	8,10	352	49	49
<b>Total current liabilities</b>		<b>2,200</b>	<b>1,940</b>	<b>1,940</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		549	714	714
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>549</b>	<b>714</b>	<b>714</b>
<b>TOTAL LIABILITIES</b>		<b>2,749</b>	<b>2,654</b>	<b>2,654</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>2,189</b>	<b>2,809</b>	<b>2,809</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		<b>2,189</b>	<b>2,809</b>	<b>2,809</b>

# Cash flow statement

Trade and Investment Queensland	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees		674	674	701
Grants and other contributions	11,14	34,039	34,988	44,233
Interest received		75	75	75
Taxes		..	..	..
Other		371	371	300
<b>Outflows:</b>				
Employee costs	12,15	(21,863)	(22,322)	(25,204)
Supplies and services	13,16	(13,847)	(13,402)	(19,764)
Grants and subsidies		..	(45)	..
Borrowing costs		..	..	..
Other		(139)	(139)	(141)
<b>Net cash provided by or used in operating activities</b>		<b>(690)</b>	<b>200</b>	<b>200</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non-financial assets		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by or used in financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>(690)</b>	<b>200</b>	<b>200</b>
<b>Cash at the beginning of financial year</b>		<b>2,848</b>	<b>2,257</b>	<b>2,457</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>2,158</b>	<b>2,457</b>	<b>2,657</b>

# Explanation of variances in the financial statements

## Income statement

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

1. The increase in 2017-18 is due to the launch of the Trade and Investment Strategy.
2. The increase in 2017-18 is due to the launch of the Trade and Investment Strategy and the continuing EB arrangements.
3. The increase in 2017-18 is due to the launch of the Trade and Investment Strategy.

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

4. The increase in 2017-18 is due to the launch of the Trade and Investment Strategy.
5. The increase in 2017-18 is due to the launch of the Trade and Investment Strategy and the continuing EB arrangements.
6. The increase in 2017-18 is due to the launch of the Trade and Investment Strategy.

## Balance sheet

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

7. The increase in 2016-17 Estimated Actual is due to international office refurbishments.
8. The decrease in 2016-17 Estimated Actual is due to unearned revenue from previous financial year being fully recognised as revenue.

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

9. The increase in 2017-18 is due to international office refurbishments.
10. The decrease in 2017-18 is due to unearned revenue from previous financial year being fully recognised as revenue.

## Cash flow statement

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

11. The increase in 2017-18 is due to the launch of the Trade and Investment Strategy.
12. The increase in 2017-18 is due to the launch of the Trade and Investment Strategy and the continuing EB arrangements.
13. The increase in 2017-18 is due to the launch of the Trade and Investment Strategy.

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

14. The increase in 2017-18 is due to the launch of the Trade and Investment Strategy.
15. The increase in 2017-18 is due to the launch of the Trade and Investment Strategy and the continuing EB arrangements.
16. The increase in 2017-18 is due to the launch of the Trade and Investment Strategy.



# Queensland Racing Integrity Commission

## Overview

The Queensland Racing Integrity Commission (QRIC) is an independent statutory body which oversees the integrity and welfare standards of racing animals and participants in Queensland. Our mission is to work with the racing industry and community to protect racing animals, ensure high standards of integrity and safety, and enhance public confidence in the industry, in pursuit of our vision of an ethical and safe racing industry.

The QRIC contributes to the Queensland Government's objectives for the community of creating jobs and a diverse economy and building safe, caring and connected communities through our strategic objectives of:

- safeguarding the welfare of animals involved in racing
- administering the rules of racing independently, impartially, and consistently
- exercising best practice, skills and processes to detect, investigate, and prosecute compliance and integrity breaches
- enhancing public confidence in the integrity of Queensland's racing industry
- encouraging people with information about offences in the Queensland racing industry to share what they know.

The key external factors threatening the QRIC's ability to deliver its objectives include:

- those industry participants that do not prioritise animal welfare and well-being
- national rules of racing
- aging and ineffective third party business systems that undermine efficiency and effectiveness.

The QRIC's key priorities and new initiatives designed to address the threats listed above, are encapsulated in the recently endorsed QRIC Compliance and Enforcement Strategy, which is detailed below.

## Service summary

The QRIC already provides a suite of integrity and welfare services including veterinary and animal welfare services, compliance and enforcement (race-day stewarding, licensing and registration, inspection and investigation), and sampling and analytical services.

The QRIC Compliance and Enforcement Strategy articulates desired welfare and integrity outcomes for the Queensland racing industry and outlines a comprehensive plan for working towards these outcomes over the next four financial years. It is the cornerstone of the QRIC's strategic and operational plans and is designed to strengthen the integrity of the Queensland racing industry by enhancing QRIC's frontline service capabilities through four key operational strategies and two enabling strategies focused on:

- animal welfare
- sampling and analytical services
- intelligence capability
- licensing
- workforce development
- communications.

Key initiatives planned for 2017-18 include:

- development and delivery of a comprehensive induction and training program for race-day stewards and investigative stewards
- establishment of an internal intelligence capability to optimise available QRIC resources
- delivery of the Racing Science Centre's Capital Acquisition Plan
- improved education and awareness of racing industry participants with regard to their welfare and integrity obligations.

# Service performance

## Performance statement

### Queensland Racing Integrity Commission

#### Service area objective

To protect racing animals, ensure high standards of racing integrity and safety, and enhance public confidence in the Queensland racing industry.

#### Service area description

The QRIC oversees the integrity and welfare standards of racing animals and participants in Queensland. We work in partnership with the industry to license racing industry participants, oversee the integrity of racing activities, uphold the Rules of Racing, safeguard the welfare of racing animals and manage scientific testing and analysis.

#### Services

- Veterinary services and animal welfare
- Compliance and enforcement (race-day stewarding, licensing and registration, inspection and investigation)
- Sampling and analytical services

Queensland Racing Integrity Commission	Notes	2016-17 Target/Est.	2016-17 Est. Actual	2017-18 Target/Est.
<b>Service area: Racing Integrity</b>				
<b>Service: Veterinary services and animal welfare</b>				
<i>Effectiveness measures</i>				
Percentage of rehomed greyhounds returned to GAP program	1	New measure	5.85%	6%
Percentage of greyhounds accepted into GAP rehomed within 6 months	2, 3	New measure	67%	90%
<i>Efficiency measure<sup>4</sup></i>				
<b>Service: Compliance and enforcement</b>				
<i>Effectiveness measure</i>				
Percentage of original decisions confirmed at Internal Review	2	New measure	68.5%	66%
<i>Efficiency measure<sup>4</sup></i>				
<b>Service: Sampling and analytical Services</b>				
<i>Effectiveness measure</i>				
Percentage of community members surveyed who are somewhat or very confident in the integrity of the Queensland racing industry	2, 3	New measure	49%	55%
<i>Efficiency measure<sup>4</sup></i>				

Notes:

1. 2016-17 Estimated Actual for the Greyhound Adoption Program (GAP) is based on Quarter 1 and 2 performance data.
2. 2016-17 Estimated Actual is based on period 1 July 2016 to 21 March 2017 data.
3. The variance between the 2016-17 Estimated Actual and 2017-18 Target/Estimate is due to the expected service improvements that will result as QRIC matures as an organisation and embeds its Compliance and Enforcement Framework and associated new policies and processes.
4. An efficiency measure is being developed for this service and will be included in a future *Service Delivery Statement*.

# Staffing<sup>1</sup>

<b>Queensland Racing Integrity Commission</b>	<b>Notes</b>	<b>2016-17 Budget</b>	<b>2016-17 Est. Actual</b>	<b>2017-18 Budget</b>
Queensland Racing Integrity Commission		..	125	125

Note:

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

# Income statement

Queensland Racing Integrity Commission	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>INCOME</b>				
Taxes		..	..	..
User charges and fees		..	1,750	1,750
Grants and other contributions	1	..	25,315	26,377
Interest		..	..	..
Other revenue	2	..	1,322	..
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		..	<b>28,387</b>	<b>28,127</b>
<b>EXPENSES</b>				
Employee expenses	3	..	14,659	16,053
Supplies and services	4	..	11,003	10,620
Grants and subsidies		..	..	..
Depreciation and amortisation	5	..	437	674
Finance/borrowing costs	6	..	47	..
Other expenses	7	..	165	760
Losses on sale/revaluation of assets		..	..	20
<b>Total expenses</b>		..	<b>26,311</b>	<b>28,127</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		..	<b>2,076</b>	..

# Balance sheet

Queensland Racing Integrity Commission	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	8	..	2,530	3,149
Receivables		..	779	784
Other financial assets		..	..	..
Inventories		..	..	..
Other		..	125	175
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		..	<b>3,434</b>	<b>4,108</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	48	48
Other financial assets		..	..	..
Property, plant and equipment	9	..	8,695	10,304
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		..	<b>8,743</b>	<b>10,352</b>
<b>TOTAL ASSETS</b>		..	<b>12,177</b>	<b>14,460</b>
<b>CURRENT LIABILITIES</b>				
Payables		..	1,067	1,067
Accrued employee benefits		..	534	534
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	400	400
<b>Total current liabilities</b>		..	<b>2,001</b>	<b>2,001</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>2,001</b>	<b>2,001</b>
<b>NET ASSETS/(LIABILITIES)</b>		..	<b>10,176</b>	<b>12,459</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		..	<b>10,176</b>	<b>12,459</b>

# Cash flow statement

Queensland Racing Integrity Commission	Notes	2016-17 Budget \$'000	2016-17 Est. Act. \$'000	2017-18 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees		..	1,480	1,730
Grants and other contributions	10	..	25,515	26,377
Interest received		..	..	..
Taxes		..	..	..
Other	11	..	(1,057)	(5)
<b>Outflows:</b>				
Employee costs	12	..	(14,393)	(16,053)
Supplies and services	13	..	(8,911)	(10,670)
Grants and subsidies		..	..	..
Borrowing costs		..	(47)	..
Other	14	..	(57)	(760)
<b>Net cash provided by or used in operating activities</b>		..	<b>2,530</b>	<b>619</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non-financial assets	15	..	(1,540)	(2,283)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		..	<b>(1,540)</b>	<b>(2,283)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections	16	..	1,540	2,283
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by or used in financing activities</b>		..	<b>1,540</b>	<b>2,283</b>
<b>Net increase/(decrease) in cash held</b>		..	<b>2,530</b>	<b>619</b>
<b>Cash at the beginning of financial year</b>		..	..	<b>2,530</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		..	<b>2,530</b>	<b>3,149</b>

# Explanation of variances in the financial statements

## Income statement

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

1. The increase in grant funding is mainly due to the enterprise bargaining increase for labour costs and consumer price index increases for non-labour costs that have been built into the budget.
2. The decrease in other revenue is due to a one-off extraordinary accounting adjustment in 2016-17 to recognise the cash waiver of staff annual leave and long service leave liabilities transferred from Racing Queensland to the QSuper annual leave and long service leave central schemes.
3. As 2016-17 was the Commission's first year of establishment, staff recruitment was finalised progressively during the course of the financial year, thereby resulting in lower employee expenses in 2016-17. The increase in employee expenses in 2017-18 is based on the Commission operating at full establishment in the next financial year. It also includes a 2.5% enterprise bargaining increase.
4. During 2016-17 the Commission utilised the services of temporary contractors whilst recruitment processes were underway to appoint permanent staff. The decrease in other supplies and services is mainly due to these temporary contractors no longer being required in 2017-18.
5. The Commission will spend \$5.9 million over four years in capital works for the Racing Science Centre (RSC), of which \$2.3 million is allocated for the 2017-18 financial year. The increase in depreciation is the result of the anticipated replacement of core drug testing equipment for the RSC.
6. The decrease in borrowing costs relates to the extinguishing of a loan associated with drug testing equipment purchased for the RSC.
7. The increase is mainly due to higher anticipated sponsorship and other payments in 2017-18.

## Balance sheet

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

8. The increase is primarily due to a build-up of cash reserves due to the recognition of depreciation expenses.
9. The increase is primarily due to the capital works program for the RSC planned for 2017-18.

## Cash flow statement

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

10. The increase in grant funding is mainly due to the enterprise bargaining increase for labour costs and consumer price index increases for non-labour costs that have been built into the budget.
11. The increase is mainly due to GST input tax credit adjustments in 2016-17.
12. As 2016-17 was the Commission's first year of establishment, staff recruitment was finalised progressively during the course of the financial year, thereby resulting in lower employee expenses in 2016-17. The increase in employee expenses in 2017-18 is based on the Commission operating at full establishment in the next financial year. It also includes a 2.5% enterprise bargaining increase.
13. The increase in supplies and services cash outflows is mainly due to higher anticipated supplier payments during 2017-18.
14. The increase is mainly due to higher anticipated sponsorship and other payments in 2017-18.
15. The increase relates to the capital works program for the RSC planned for 2017-18.
16. The increase relates to funding for the capital works program for the RSC planned for 2017-18.



# Glossary of terms

<b>Accrual accounting</b>	Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, rather than when a flow of cash occurs.
<b>Administered items</b>	Assets, liabilities, revenues and expenses an entity administers, without discretion, on behalf of the Government.
<b>Agency/entity</b>	Used generically to refer to the various organisational units within Government that deliver services or otherwise service Government objectives. The term can include departments, commercialised business units, statutory bodies or other organisations established by Executive decision.
<b>Appropriation</b>	Funds issued by the Treasurer, under Parliamentary authority, to agencies during a financial year for: <ul style="list-style-type: none"> <li>• delivery of agreed services</li> <li>• administered items</li> <li>• adjustment of the Government's equity in agencies, including acquiring of capital.</li> </ul>
<b>Balance sheet</b>	A financial statement that reports the assets, liabilities and equity of an entity as at a particular date.
<b>Capital</b>	A term used to refer to an entity's stock of assets and the capital grants it makes to other agencies. Assets include property, plant and equipment, intangible items and inventories that an entity owns/controls and uses in the delivery of services.
<b>Cash Flow Statement</b>	A financial statement reporting the cash inflows and outflows for an entity's operating, investing and financing activities in a particular period.
<b>Controlled Items</b>	Assets, liabilities, revenues and expenses that are controlled by departments. These relate directly to the departmental operational objectives and arise at the discretion and direction of that department.
<b>Depreciation</b>	The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a specified time.
<b>Equity</b>	Equity is the residual interest in the assets of the entity after deduction of its liabilities. It usually comprises the entity's accumulated surpluses/losses, capital injections and any reserves.
<b>Equity injection</b>	An increase in the investment of the Government in a public sector agency.

<b>Financial statements</b>	Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement for an entity's controlled and administered activities.
<b>Income statement</b>	A financial statement highlighting the accounting surplus or deficit of an entity. It provides an indication of whether the entity has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation.
<b>Outcomes</b>	Whole-of-government outcomes are intended to cover all dimensions of community wellbeing. They express the current needs and future aspirations of communities, within a social, economic and environment context.
<b>Own-source revenue</b>	Revenue that is generated by an agency, generally through the sale of goods and services, but it may also include some Commonwealth funding.
<b>Priorities</b>	Key policy areas that will be the focus of Government activity.
<b>Services</b>	The actions or activities (including policy development) of an agency which contribute to the achievement of the agency's objectives.
<b>Service area</b>	Related services grouped into a high level service area for communicating the broad types of services delivered by an agency.
<b>Service standard</b>	Define a level of performance that is expected to be achieved appropriate for the service area or service. Service standards are measures of efficiency or effectiveness.

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





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Queensland Budget 2017-18

**Service Delivery Statements**

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