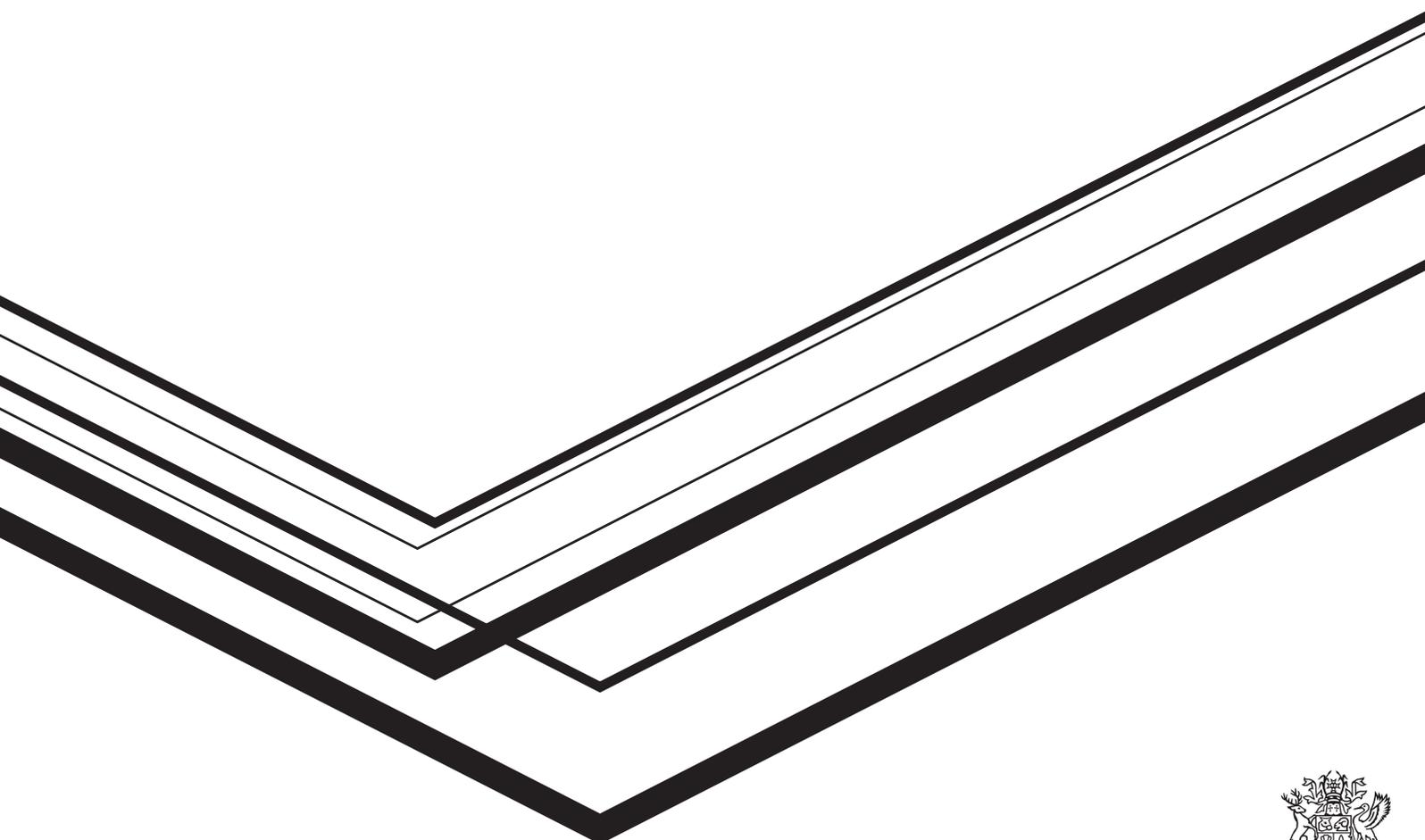

Queensland Budget 2015-16

Service Delivery Statements

Department of Housing and Public Works



2015-16 Queensland Budget Papers

1. Budget Speech
2. Budget Strategy and Outlook
3. Capital Statement
4. Budget Measures
5. Service Delivery Statements

Appropriation Bills

Jobs Now, Jobs for the Future - Queensland Government employment plan

Budget Highlights

The suite of Budget Papers is similar to that published in 2014-15.

The Budget Papers are available online at www.budget.qld.gov.au

© Crown copyright
All rights reserved
Queensland Government 2015

Excerpts from this publication may be reproduced, with appropriate acknowledgement, as permitted under the Copyright Act.

Service Delivery Statements

ISSN 1445-4890 (Print)
ISSN 1445-4904 (Online)



Department of Housing and Public Works

Summary of portfolio

Page	Department of Housing and Public Works
3	Department of Housing and Public Works - controlled Department of Housing and Public Works - administered
34	Building and Asset Services
42	QFleet
51	Queensland Building and Construction Commission
63	Residential Tenancies Authority

Portfolio overview

Ministerial and portfolio responsibilities

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

Minister for Housing and Public Works and Minister for Science and Innovation

The Honourable Leeanne Enoch MP

Department of Housing and Public Works

Director-General: Liza Carroll

Service area 1: Housing Services

Service area 2: Government Accommodation and Building Policy Services

Service area 3: Procurement Services

Building and Asset Services

Deputy Director-General: Graham Atkins

Objective: To deliver coordinated procurement and contract management services for building, construction and maintenance related activities for Queensland Government agencies, focusing on providing value for money.

QFleet

Acting Assistant Director-General: Fiona Wright

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

Queensland Building and Construction Commission

Commissioner: Steve Griffin

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

Residential Tenancies Authority

Chief Executive Officer: Darren Barlow

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

Additional information can be sourced from:

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

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

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

Departmental overview

The Department of Housing and Public Works' vision is to make a positive difference to Queenslanders and the communities in which they live.

To achieve this vision, the department's strategic objectives focus on the delivery of valued solutions to customers and industry in the areas of housing, asset management, procurement, and building and construction policy through:

- strong relationships with our customers
- building safe and connected communities
- having the right people, with the right skills, in the right places.

In particular, the department supports the Queensland Government objectives for the community by:

- delivering quality frontline services that improve the lives of Queenslanders
- providing responsive and integrated government services that focus on business improvements to deliver value to our customers and meet their needs
- building safe and connected regions and communities by supporting stronger economic activity, and ensuring necessary, sustainable services and infrastructure are provided
- consulting with the community and stakeholders to inform our policies and achieve outcomes
- ensuring our workforce has the right skills and that our people have safe, productive and fair workplaces.

A range of factors will impact on the Department of Housing and Public Works' operating environment in 2015-16, including:

- the Australian Government Reform of the Federation White Paper examining the roles and responsibilities of federal, state and territory governments which may influence future financial arrangements and the delivery of housing assistance and homelessness services to vulnerable Queenslanders
- regional engagement activities conducted in 2015 with key stakeholders in the housing and homelessness sector which will inform the future strategic direction for housing assistance in Queensland
- the review into Queensland Government procurement which will influence the future of procurement policies and practices to ensure probity and value for money, and that local content provisions are considered.

In 2015-16, the department will also deliver initiatives supporting portfolio priorities by:

- improving the quality of government employee housing, particularly to attract and retain skilled employees delivering government services in locations of high need
- re-establishing a dedicated plumbing industry regulatory body within the broader statewide construction industry regulatory organisation to replace the Plumbing Industry Council
- re-establishing access to free, independent and impartial advice for tenants
- undertaking a full review of housing policies to ensure fairness
- auditing Queensland Government office accommodation to determine appropriate value for money improvements
- releasing a policy paper to propose solutions to issues raised in the Transport, Housing and Local Government Committee Report No. 13: Review of the *Retirement Villages Act 1999*
- ensuring there are minimum standards for temporary buildings and structures relating to mining projects
- working with industry and government to develop ways to encourage the upgrade of new and existing buildings to improve sustainability
- reviewing the findings and recommendations of the Senate Economic Reference Committee Inquiry into affordable housing, and working with key stakeholders to implement the relevant recommendations
- undertaking a wide-ranging review of security of payment laws affecting all building and construction projects in the State, to protect the rights and risk of subcontractors incurring financial losses
- developing a five-year Indigenous housing strategy to guide the development of the sector in Queensland, in partnership with the Indigenous housing sector
- continuing to support the Government response to the Domestic and Family Violence Taskforce Report
- continuing to contribute to the child safety reform agenda initiated in response to the Queensland Child Protection Commission of Inquiry final report

- commencing implementation of recommendations from a broad ranging review of Government procurement practices to ensure probity, value for money and local content provisions remain at the forefront of the State's procurement policies.

The department's total capital expenditure program for 2015-16 is \$435.6 million which comprises capital purchases of \$368.3 million and capital grants of \$67.3 million as detailed in Budget Paper 3.

Service performance

Service approach

The Department of Housing and Public Works provides services to customers through three broad service areas – Housing Services, Government Accommodation and Building Policy Services and Procurement Services. Further services are delivered through the two commercialised business units of Building and Asset Services and QFleet which are detailed separately in this document.

The 2014-15 service area of Building Services has been renamed Government Accommodation and Building Policy Services to clearly reflect the range of services provided by this service area. There has been no change in functions.

The services delivered demonstrate the department's objectives and priorities through:

- ensuring housing and homelessness frontline services are provided to those people most in need
- partnering and working collaboratively with industry, private, and non-government sectors and other government agencies to deliver better integrated solutions and sustainable services for all communities
- delivering policy and legislative solutions that balance the ease of doing business with risk to best meet the needs of all Queenslanders
- continuing to grow the understanding of customers' needs and what they consider important
- engaging with suppliers to provide solutions that deliver value to our customers
- maximising the performance and potential of our people in a safe and engaging work environment.

Performance statement

Housing Services

Service area objective

To deliver a flexible, efficient and responsive housing assistance system for our most vulnerable Queenslanders.

Service area description

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

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

2015-16 service area highlights

In 2015-16, Housing Services will support Government and departmental commitments and priorities by:

- developing and implementing the Queensland Housing Strategy to shape the strategic direction of housing assistance and homelessness services in Queensland over the next decade
- developing a five-year Indigenous housing strategy to guide the development of the sector in Queensland, in partnership with the Indigenous housing sector

- analysing the findings of regional workshops conducted across the State with housing and homelessness service providers to design and implement local initiatives to improve housing outcomes in regional areas
- undertaking a full review of housing policy to ensure fairness, and introducing new or amended policies where applicable
- reviewing recommendations from the Senate Economics References Committee Inquiry into affordable housing and recommending implementation actions relevant to Queensland
- re-establishing a tenant advice and advocacy service to enable tenants to access free, independent and impartial advice
- supporting development of a Domestic and Family Violence Prevention Strategy and implementation of the Government's response to Domestic and Family Violence Taskforce Report by establishing two, 72-hour crisis shelters for women and children escaping violence so immediate safety and support can be met while awaiting refuge placement
- developing the capability of housing service centres by encouraging flexibility and autonomous decision making to meet outcome targets, value for money and client needs
- commencing a phased approach to support the housing assistance industry develop into a more capable and efficient industry by identifying needs and generating ideas to improve the way housing assistance is delivered
- finalising the transition of the tenancy and property management of approximately 4,900 social housing dwellings in Logan City to a non-government housing provider, including undertaking further consultation and engagement with tenants, and supporting providers and key local stakeholders through the transition
- continuing to develop processes supporting home ownership on Indigenous land
- addressing overcrowding in Indigenous communities by constructing and purchasing dwellings in regional centres
- growing and renewing the social and affordable housing portfolio through construction and redevelopment projects, including partnerships with government, non-government and private organisations
- assisting new households to remain in or move to the private housing rental market through the National Rental Affordability Scheme, RentConnect, bond loans, rental grants and the Housing and Employment Program
- continuing to assess applications from community housing providers seeking registration under the National Regulatory System for Community Housing
- investigating options for applying rate rebates or rental assistance to residents of retirement villages, and renew representations to other tiers of government
- examining the results of consultation to determine the best approach to progress the review of the *Retirement Villages Act 1999*.

Department of Housing and Public Works	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Service area: Housing Services				
Service standards				
<i>Effectiveness measures</i>				
Level of overall client satisfaction:	1			
Bond Loans	2	..	..	..
Home Assist Secure	3	97%	97%	..
Public Housing	4, 5	80%	80%	..
Community Housing	4, 6	New measure	New measure	..
Percentage of new households assisted into Government-managed social rental housing who were in very high or high need	7	92%	91.5%	90%
Percentage of department owned social rental housing dwellings in acceptable condition		98%	98%	98%

Department of Housing and Public Works	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Percentage of clients who were homeless or at risk of homelessness who needed assistance to obtain or maintain independent housing and obtained or maintained independent housing after support	8	60%	63%	64%
Proportion of exits from social rental housing to private market housing that were tenant initiated	9	New measure	New measure	45%
Proportion of total new households assisted to remain in or move to the private housing rental market that were assisted through National Rental Affordability Scheme, RentConnect, Rental Grants, Housing and Employment Program or Bond Loans	10	New measure	New measure	47%
Proportion of newly constructed social housing dwellings meeting the Livable Housing Design guidelines gold or platinum standards	11	New measure	New measure	50%
Average wait time to allocation for assistance (months) with Government-managed social rental housing for clients in very high or high need	12	9	7.9	8
Percentage of under occupied Government-owned and managed social rental housing	13	12.5%	14.6%	14.0%
<i>Efficiency measures</i>				
Average tenancy and property management administration cost per households assisted	14	\$1,144	\$1,176	\$1,161

Notes:

1. Wording of this service standard has been amended to clarify the service standard measures overall satisfaction. The methodology remains the same. 'Client satisfaction' is an indicator of the government's objective to provide housing assistance that is appropriate for different households.
2. There is no 2014-15 Target/Estimate, 2014-15 Estimated Actual or 2015-16 Target/Estimate as this is a triennial measure with the next survey to be undertaken in 2016-17.
3. There is no 2015-16 Target/Estimate as this is a triennial measure with the next survey to be undertaken in 2017-18.
4. There is no 2015-16 Target/Estimate as this is a biennial measure with the next survey to be undertaken in 2016-17.
5. Wording of this service standard has changed from 'client satisfaction with social rental housing' to 'overall client satisfaction with public housing'. The methodology remains the same and the change is to terminology only. The 2014-15 result of 80% was based on tenant satisfaction for public housing. Tenant satisfaction data is sourced from the Australian Institute of Health and Welfare National Social Housing Survey (NSHS) and published in the Report on Government Services. The NSHS surveys public and community housing tenants separately and reports them individually. As a result, combined client satisfaction data for public and community housing is not available.
6. This is a new service standard measuring overall client satisfaction with community housing, enabling oversight of client satisfaction across both the public housing and community housing sectors. As it is a biennial national survey conducted by the Australian Institute of Health and Welfare and there is no Target/Estimate for 2015-16. The 2014-15 baseline result for overall client satisfaction with community housing is 76.5%, as published in the Report on Government Services 2015. Mainstream community housing is managed by not-for-profit organisations that have at some time received capital or recurrent government funding for housing services. Community housing offers short, medium or long-term tenure for low-income individuals and families, or those with particular needs not well-catered for by the private market.
7. Variance between 2014-15 and 2015-16 Target/Estimates and 2014-15 Estimated Actual is due to changed market conditions. The 0.5% decrease in the 2014-15 Estimated Actual is due to unsuitability of some properties for very high/high needs groups (e.g. non-ground level

accommodation unsuitable for people with disability and/or mobility impairments) and certain locations experiencing neighbourhood fatigue (i.e. the high number of very high/high needs allocations in previous years may have created tenancy management difficulties leading to some deliberate allocations to people in other segments of the Housing Register to those locations). The 2015-16 Target/Estimate is reduced to take into account areas that no longer have a significant number of very high/high needs applicants.

8. Variance between 2014-15 and 2015-16 Target/Estimates and 2014-15 Estimated Actual is due to availability of data and trend information. The 2014-15 Target/Estimate was set using 2012-13 Report on Government Services data (the latest available at that time) while the 2014-15 Estimated Actual is based on 2013-14 Report on Government Services data. The 2015-16 Target/Estimate is based on trends in both national and Queensland results demonstrating a slow but gradual increase.
9. This is a new effectiveness service standard to demonstrate that private market assistance products offered by the department have a positive effect in assisting social rental housing clients to transition to the private market. Private housing assistance products offered by the department help low-income earners to remain in or move to the private market and comprise bond loans, rental grants, RentConnect and the National Rental Affordability Scheme. The methodology for this measure is the count of tenant initiated exits to the private market as a percentage of total exits from social rental housing where the destination tenure is known.
10. This is a new effectiveness service standard measuring the percentage of private market assistance provided by the department aimed at diverting people from social housing.
11. This is a new effectiveness service standard demonstrating effective use of resources by designing and delivering dwellings that are easier and safer for people of all ages and abilities to live in and are more capable of cost-effective adaptation to meet the changing needs and abilities of tenants. This is an indicator of the government's objective to provide housing assistance that is appropriate for different households. The methodology is the number of new dwellings delivered that meet gold or platinum standards under Livable Housing Standards, divided by the total number of new dwellings delivered, excluding remote Indigenous communities, Yarrabah and Cherbourg, as data against Livable Housing Standards is not collected in these communities.
12. This service standard measures effectiveness through the minimisation of wait time for people seeking housing assistance. Variance between 2014-15 and 2015-16 Target/Estimates and 2014-15 Estimated Actual can be attributed to an increase in the number of new households assisted with government-managed social rental housing, which in turn can be attributed to an increase in tenancy turnover (when existing social housing tenants exit, new clients can be housed), and an increase in dwellings added to the portfolio (more properties available to house people). The 2015-16 Target/Estimate has been reduced by one month (from 9 to 8) taking into consideration forward projections for a further increase in the number of new households able to be assisted because of additional dwellings to the portfolio and expected increase in tenancy turnover. It is important to note that while the department offers private market assistance products and support services to tenants, tenancy exits from social housing are subject to market conditions beyond departmental control.
13. This service standard measures cost-effectiveness through maximising the potential of the housing stock. Variance between 2014-15 and 2015-16 Target/Estimates and 2014-15 Estimated Actual is due to the reprioritisation of system changes that would enable management of under-occupancy to the implementation of the Logan Renewal Initiative and rent policy changes. It is also important to note that the availability of smaller dwellings to transfer clients of under-occupied dwellings will impact the delivery of this measure.
14. Variance between the 2014-15 Target/Estimate and 2014-15 Estimated Actual is due to an increase of 3.6% in total expenditure while the number of households assisted has increased by 0.8%. Variance between the 2014-15 Estimated Actual and 2015-16 Target/Estimate is due to an increase of 5% in the number of households assisted while total expenditure has increased by 3.7%.

Government Accommodation and Building Policy Services

Service area objective

The Government Accommodation component of this service area aims to deliver a high level of return on investment through strategic lease management and reduced vacancy rates and ensure optimal utilisation of office space through efficient fitout. Building Policy Services aims to maintain high standards for the building and plumbing industry and is responsible for building and plumbing legislation, codes, research, standards, design and building industry engagement, and to develop building and plumbing policy for Queensland industry.

Service area description

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

2015-16 service area highlights

In 2015-16, Government Accommodation and Building Policy Services will support Government and departmental commitments and priorities by:

- re-establishing a dedicated plumbing industry regulatory body, within the broader state-wide construction industry regulatory organisation, to replace the Plumbing Industry Council
- conducting a wide-ranging review of security of payment laws
- undertaking the disposal of general purpose residences no longer required by government as employee housing, and the construction and upgrade program for residences, particularly in Indigenous communities and very remote areas where there is no alternative accommodation
- continuing the maintenance and upgrade program throughout remote and rural Queensland to improve the quality of housing critical to attracting and retaining skilled employees delivering government services in locations of high need
- implementing a broader Central Business District Government Office Accommodation Strategy 2015-2025 including reducing the government office portfolio through vacating expiring leases and consolidating where possible
- implementing a new policy for the provision of government office space across the government sector
- continuing to implement environmentally sustainable measures that reduce waste, improve energy and water performance in building upgrades and refurbishments where cost effective to do so
- reviewing the resources provided to the Office of the Queensland Government Architect to ensure these remain appropriate
- further strengthening relationships with key building industry stakeholders to ensure the department is recognised as a primary point of contact for industry
- advancing the significant legislative reforms proposed following the Review of the *Building Act 1975* and Building Certification in Queensland
- working closely with industry to advance innovation through research partnerships and initiatives
- continuing to work with the Queensland Building and Construction Commission to deliver high quality, cost effective and responsive strategic policy, legislation, codes and standards to the building construction industry
- continuing to manage the responsibilities of the Building and Development Committees to deliver efficient and cost effective dispute resolution services to industry and consumers.

Department of Housing and Public Works	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Service area: Government Accommodation and Building Policy Services	1			
Service standards				
<i>Effectiveness measures</i>				
Return on investment:				
commercial properties included in the office portfolio	2	≥6.5%	9.5%	≥6.5%
government employee housing	3	≥2.2%	3.0%	≥2.2%
Vacancy rate:				
office portfolio	4	≤4.0%	3.1%	≤4.0%
government employee housing		≤3.0%	2.7%	≤3.0%
Work point density:				
average	5	≤13.5m ² per person	14.7m ² per person	13.5m ² per person
new fitout		≤12m ² per person	12m ² per person	12m ² per person
<i>Efficiency measures</i>	6			

Notes:

1. The name of this service area has been amended from the former 'Building Services' to 'Government Accommodation and Building Policy Services'. There is no structural or functional change to the service area except a name change which better reflects the range of services provided under this service area and differentiates the service area from the commercialised business unit of Building and Asset Services.
2. Variance between 2014-15 Target/Estimate and 2014-15 Estimated Actual is due to a decline in capital values of the office portfolio. The value is calculated from the preceding year's net profit (net rent) as a percentage of the current net book value of non-residential assets owned by the department.
3. Variance between 2014-15 Target/Estimate and 2014-15 Estimated Actual is due to budget allocations (based on previous owning agency expenditure) being higher than actual costs incurred during the first year of centralisation of employee housing, resulting in an increase in net rent surplus and return on investment.
4. Variance between 2014-15 Target/Estimate and 2014-15 Estimated Actual is due to a planned program of relinquishing expiring leases and backfilling vacancies with new demand from agencies.
5. Variance between 2014-15 Target/Estimate and 2014-15 Estimated Actual is due to current vacancy in the portfolio which will be addressed through the implementation of the Central Business District Government Office Accommodation Strategy.
6. An efficiency measure is being developed for this Service and will be included in a future Service Delivery Statements.

Procurement Services

Service area objective

To support whole-of-government procurement to deliver benefits for government, suppliers and the community.

Service area description

Procurement Services manages the whole-of-government procurement framework, including governance, policy, processes, tools and the development of responsible and prudent procurement capability for the public sector. The department works with other government agencies to drive a more strategic and innovative approach to buying and managing goods and services across government. Procurement Services aims to reduce red tape by embedding simple, agile and consistent procurement practices and processes and making it easier for suppliers to do business.

2015-16 service area highlights

In 2015-16, Procurement Services will support Queensland Government and departmental commitments and priorities by:

- implementing recommendations from a broad ranging review of government procurement practices to ensure probity and value for money remain at the forefront of the State's procurement policies and focus remains on the use of local suppliers, sustainability and economic growth
- building capability in procurement and commercial acumen in the public sector to support delivery of quality goods and services for Queenslanders.

Department of Housing and Public Works	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Service area: Procurement Services				
Service standards				
<i>Effectiveness measures</i>	1			
<i>Efficiency measures</i>				
Operating cost as percentage of managed spend	2	New measure	New measure	0.09%

Notes:

1. An effectiveness measure is being developed for this Service and will be included in a future Service Delivery Statements.
2. This is a new service standard measuring cost efficiency. The measure is calculated based on the operating cost of the business unit which is responsible for the oversight and management of government spend on general goods and services.

Administered items

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

The Department of Housing and Public Works administers funds on behalf of the state which for 2015–16 will include revenue from the collection of fees for the Building and Development Tribunal appeals and for the accreditation of residential service units and retirement villages by Housing Services.

Financial statements and variance explanations in relation to Administered Items appear in the departmental financial statements.

Discontinued measures

Performance measures included in the 2014-15 Service Delivery Statements that have been discontinued or replaced are reported in the following table with estimated actual results. For those measures which are being discontinued from the Service Delivery Statement because they do not demonstrate the effectiveness or efficiency of services, please refer to the Notes below for further information about where these measures will continue to be reported.

Department of Housing and Public Works	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Service area: Housing Services				
Level of client satisfaction: Home Purchase Assistance	1	95%	95%	Discontinued measure
Percentage of social housing under non-government management	2	35%	25%	Discontinued measure
New households assisted to remain in or move to the private housing market	3	38,400	40,130	Discontinued measure
New social and affordable housing dwellings delivered	3	1,800	2,644	Discontinued measure
Service area: Government Accommodation and Building Policy Services				
Percentage of defaults by pre-qualified building industry contractors on government building projects	4	≤2.0%	0.32%	Discontinued measure
Service area: Procurement Services				
Savings and benefits for Government enabled under the Procurement Transformation Program	5, 6	\$270 million - \$440 million	\$48.18 million	Discontinued measure
Savings and benefits realised for Government	7	\$70 million - \$121 million	\$98.64 million	Discontinued measure
Return on investment factor from the Procurement Transformation Program	7	1.2 – 2.9	1.8	Discontinued measure

Notes:

1. This service standard has been discontinued as the department will cease conducting triennial surveys for Home Purchase Assistance as of the end 2014-15. Home loan clients are a very small client group, therefore the sample size for this survey is limited and does not significantly change between each survey. Given little variance in survey group size and results and the costs associated with conducting the surveys, it is not cost efficient to continue.
2. This service standard has been discontinued as the department is evaluating the policy position of shifting housing to non-government management.
3. This service standard has been discontinued as it is a measure of activity and not a measure of efficiency or effectiveness of the service area.
4. This service standard has been discontinued as it is a measure of activity not a measure of efficiency and performance and relies on external factors outside the control of the department.
5. This service standard has been discontinued as it is no longer a relevant measure of the performance of Procurement Services. An interdepartmental committee has been established to oversee a review of government procurement policy and practices. Performance information will be reported in the department's 2014-15 annual report.
6. This service standard measures benefits (cash and non-cash) enabled from strategic sourcing initiatives implemented. Enabled benefits from Wave 2 and 3 of the Procurement Transformation Program were captured in the 2014-15 Target/Estimate. There was a six month postponement in the commencement of Wave 2 impacting on the benefits enabled for 2014-15. Other challenges impacting on Wave 2 implementation included extended industry engagement and operational handover. Wave 3 has adjourned pending the outcomes of a broad ranging review of government procurement.
7. This service standard has been discontinued as it is no longer a relevant measure of the performance of Procurement Services. This service standard is calculated based on the actual benefits realised for Government as part of Wave 1 of the Procurement Transformation Program. An interdepartmental committee has been established to oversee a review of government procurement policy and practices. Performance information will be reported in the department's 2014-15 annual report.

Departmental budget summary

The table below shows the total resources available in 2015-16 from all sources and summarises how resources will be applied by service area and by controlled and administered classifications.

Department of Housing and Public Works	2014-15 Adjusted Budget \$'000	2014-15 Est. Actual \$'000	2015-16 Budget \$'000
CONTROLLED			
Income			
Appropriation revenue ¹			
Deferred from previous year/s	157,622	115,103	110,415
Balance of service appropriation	573,164	533,706	569,644
Other revenue	1,038,261	1,040,291	1,016,523
Total income	1,769,047	1,689,100	1,696,582
Expenses			
Housing Services	1,156,276	1,048,579	1,109,972
Government Accommodation and Building Policy Services	624,520	620,417	626,248
Procurement Services	34,329	33,139	13,855
Corporate Services ²	54,217	55,889	46,375
Eliminations ³	(18,024)	(20,490)	(19,023)
Total expenses	1,851,318	1,737,534	1,777,427
Operating surplus/deficit	(82,271)	(48,434)	(80,845)
Net assets	17,493,860	17,675,979	17,926,964
ADMINISTERED			
Revenue			
Commonwealth revenue	..	..	..
Appropriation revenue	3,452	8,061	3,468
Other administered revenue	123	96	89
Total revenue	3,575	8,157	3,557
Expenses			
Transfers to government	123	99	89
Administered expenses	3,452	8,061	3,468
Total expenses	3,575	8,160	3,557
Net assets	..	..	..

Notes:

1. Includes State and Commonwealth funding.
2. Corporate Services costs have been allocated to services. The amounts shown in the above table for corporate service costs mainly represent recoveries from the commercialised business units.
3. Eliminations are costs that represent internal trading transactions within the departmental entity such as rent that is charged by the accommodation office to the services shown. The services cost is the gross cost before eliminations.

Service area sources of revenue^{1, 2}

Sources of revenue 2015-16 Budget					
Service area	Total cost \$'000	State contribution \$'000	User charges and fees \$'000	C'wealth revenue \$'000	Other revenue \$'000
Housing Services	1,109,972	214,361	403,318	392,766	16,795
Government Accommodation and Building Policy Services	626,248	46,200	571,719	..	10,216
Procurement Services	13,855	13,355	500	..	..
Total	1,750,075	273,916	975,537	392,766	27,011

Notes:

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

Budget measures summary¹

This table shows a summary of budget measures relating to the department since the 2014-15 State Budget. Further details are contained in *Budget Paper 4*.

Department of Housing and Public Works	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Revenue measures					
Up to and including 2014-15 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2015-16 Budget					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Total revenue measures					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Expense measures					
Up to and including 2014-15 MYR					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
2015-16 Budget					
Administered	..	..	..	..	..
Departmental	..	35,310	35,310	6,600	6,600
Total expense measures					
Administered	..	..	..	..	..
Departmental¹	..	35,310	35,310	6,600	6,600
Capital measures					
Up to and including 2014-15 MYR					
Administered	..	..	..	..	..
Departmental	833	11,912	..	..	..
2015-16 Budget					
Administered	..	..	..	..	..
Departmental	..	..	..	..	..
Total capital measures					
Administered	..	..	..	..	..
Departmental	833	11,912	..	..	..

Note:

1. The totals for 2015-16 reconciles with Budget Paper 4.

Departmental capital program

The department's total capital expenditure program for 2015-16 is \$368.3 million. In addition to this expenditure, the department provides funding for capital grants which are detailed in Budget Paper 3.

Program highlights include:

Housing Services

- \$183.6 million for social housing to commence construction of 274 rental units, complete construction of 258 rental units, purchase 32 rental units and upgrade existing social housing.
- \$129 million for social housing in Indigenous communities (including \$112.8 million funding through the National Partnership Agreement on Remote Indigenous Housing) to commence construction of 60 rental units, complete construction of 207 rental units and upgrade existing social housing.
- \$14.7 million to construct a facility in Cairns (\$5.6 million) to provide specialist supported accommodation and commence construction of a facility in Townsville (\$9.1 million) to support people from Indigenous communities pursuing employment, education and training opportunities.

Public Works

- \$11.9 million is allocated for the provision of Government Employee Housing on Thursday Island through the construction of multi-unit developments to support Queensland Health's Chronic Disease Centre as part of the Commonwealth National Partnership Agreement for Health Infrastructure Projects.
- \$9.4 million is allocated for the provision of Government Employee Housing to undertake upgrades of residences across the existing portfolio. This will support the attraction and retention of government employees in rural and remote Queensland.
- \$6.2 million for the full roof replacement of the Cairns Convention Centre and the repair of associated structural elements.

Capital budget

Department of Housing and Public Works	Notes	2014-15 Adjusted Budget \$'000	2014-15 Est. Actual \$'000	2015-16 Budget \$'000
Capital purchases¹				
Total land, buildings and infrastructure	3, 4	245,346	251,385	365,496
Total plant and equipment		3,237	3,324	2,837
Total other capital	2	1,200	..	..
Total capital purchases		249,783	254,709	368,333

Notes:

1. For more detail on the agency's capital acquisitions please refer to Budget Paper 3.
2. The decrease from 2014-15 Adjusted Budget to 2014-15 Estimated Actual is due to a transfer of capital expenditure to operating expenditure for the replacement of the minor computer equipment for Housing Services.
3. The increase from the 2014-15 Adjusted Budget to the 2015-16 Budget is mainly due to the net increase in expenditure for the National Partnership Agreement on Remote Indigenous Housing program, a net increase in expenditure for social housing, a net increase in the National Partnership Agreement on Mental Health Reform construction program funded from Queensland Health, the transfer from capital grants to capital upgrades relating to the Deed of Grants in Trust program, construction of Queensland Health staff accommodation on Thursday Island in 2015-16, and the Cairns Convention Centre roof replacement program in 2015-16. This is partially offset by a net decrease for the National Partnership Agreement on Homelessness.
4. The increase from the 2014-15 Estimated Actual to the 2015-16 Budget is mainly due to an increase in expenditure in 2015-16 for Social Housing, a net increase in 2015-16 for the National Partnership Agreement on Remote Indigenous Housing, a net increase in the National Partnership Agreement on Mental Health Reform construction program funded from Queensland Health, and construction in 2015-16 for the Thursday Island staff accommodation project. These increases are partially offset by decreased funding for the Deed of Grants in Trust program and the National Partnership Agreement on Homelessness.

Staffing^{1, 2}

Service areas	Notes	2014-15 Adjusted Budget	2014-15 Est. Actual	2015-16 Budget
Housing Services	3	1,256	1,299	1,273
Government Accommodation and Building Policy Services	4	215	208	222
Procurement Services	5	111	77	70
Total		1,582	1,584	1,565

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service areas to which they relate.
3. Variance between 2014-15 Adjusted Budget and 2014-15 Estimated Actual is mainly due to the deferral in outsourcing of the tenancy and maintenance function in Logan City until 2015-16. Variance between 2014-15 Estimated Actual and 2015-16 Budget is mainly due to the outsourcing of the tenancy and maintenance function in Logan City in 2015-16 partly offset by new positions to support government initiatives in relation to providing specialist homelessness services for women and children experiencing domestic violence together with other internal employment arrangements.
4. The 2014-15 Service Delivery Statements reported the 2014-15 Budget as 232. The 2014-15 Adjusted Budget has been adjusted to exclude the transition of the plumbing industry council and pool safety council functions to the Queensland Building and Construction Commission. Variance between 2014-15 Adjusted Budget and 2014-15 Estimated Actual is mainly due to positions not filled in 2014-15. Variance between 2014-15 Estimated Actual and 2015-16 Budget is mainly due to a small number of positions that will be filled in 2015-16 plus additional resources for Government Employee Housing which will be filled in 2015-16.
5. Variance between 2014-15 Adjusted Budget and 2014-15 Estimated Actual is mainly due to a number of Procurement Transformation projects finishing in 2014-15. Variance between 2014-15 Estimated Actual and 2015-16 Budget is mainly due to further Procurement Transformation projects finishing in 2015-16.

Budgeted financial statements

Analysis of budgeted financial statements

An analysis of the Department's budgeted financial statements is provided below. The information provided in this section is for the Departmental Entity only which excludes the commercialised business units which are separate reporting entities.

Departmental income statement

Total expenses are estimated to be \$1.777 billion in 2015-16, an increase of \$39.9 million from the estimated 2014-15 financial year. The increase in expenditure is mainly due to net increases from deferrals of grants for the Indigenous Community Housing Organisations and the Indigenous Rural and Remote program, indexation, reinstatement of the Independent Advisory Service for Tenants and the renewal of the National Partnership Agreement on Homelessness. These increases are partly offset by the transfer of the Logan service centre and associated property management costs to a non-Government provider from 1 October 2015 and reduced expenditure in 2015-16 on the Procurement Transformation program whilst the whole-of-Government review is conducted.

Over the forward estimate period:

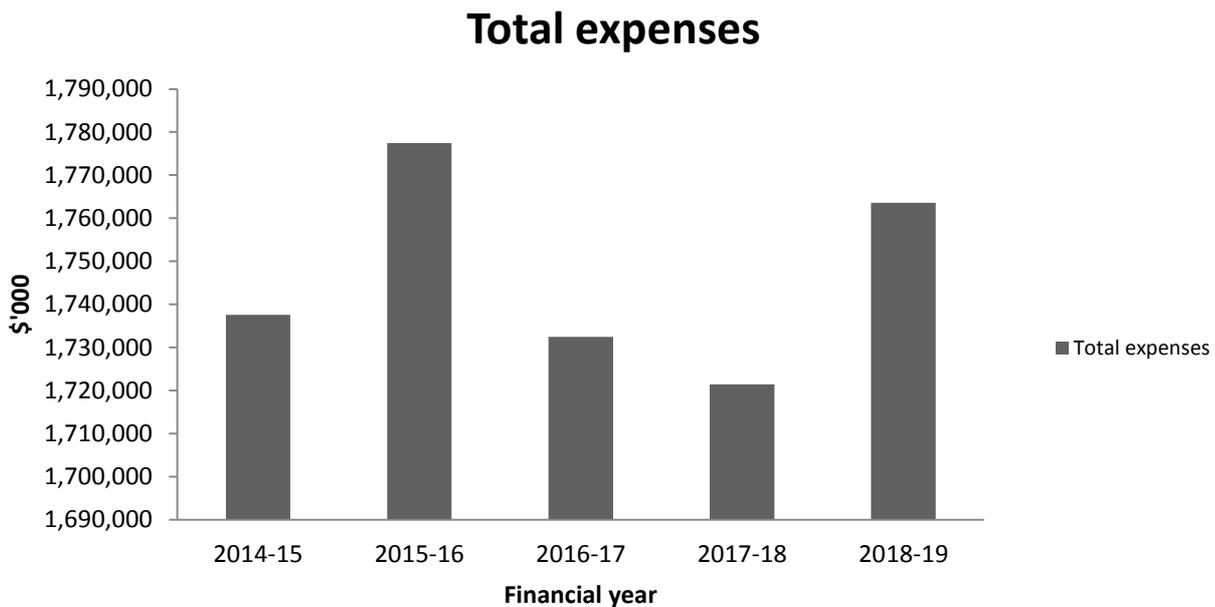
The decrease in expenditure from 2015-16 to 2016-17 of \$44.9 million is mainly due to the finalisation in 2015-16 of the Indigenous Community Housing Organisations and the Long Term housing programs as well as a planned reduction in 2016-17 for the National Partnership Agreement on Remote Indigenous Housing (NPARIH) Infrastructure program.

The decrease in expenditure from 2016-17 to 2017-18 of \$11.1 million is mainly due to the finalisation in 2016-17 of the National Partnership Agreement on Homelessness (NPAH), a decrease in capital grants for the Indigenous Rural and Remote program for the construction of Indigenous properties throughout the state, and a decrease for new housing and housing upgrades for dwellings owned by Indigenous councils under the Deed of Grants in Trust program. These decreases are partly offset by a 6% increase for council rates and water charges, an increase in maintenance costs for social housing and additional property related costs for the commercial building portfolio.

The increase in expenditure from 2017-18 to 2018-19 of \$42.2 million is mainly due to a 6% increase for council rates and water charges, an increase in maintenance costs for social housing, additional property related costs for the commercial building portfolio, indexation increases in 2018-19 for state homelessness expenditure and the National Rental Affordability Scheme, and increased expenditure in the delivery of social housing in remote Indigenous communities.

The operating position for the department for 2015-16 is an estimated deficit of \$80.8 million. This is mainly due to the net contribution from the rent revenue for social housing after funding rates and maintenance costs being insufficient to meet the full depreciation cost for the social housing portfolio assets. Over the forward estimate period the trend reverses where rent revenue is expected to increase at a greater rate relative to the growth in expenditure reducing the deficit. The 2018-19 operating deficit is further impacted by ongoing expenditure for the delivery of social housing in remote Indigenous communities.

Chart: Total departmental expenses across the Forward Estimates period



Departmental balance sheet

The department's major assets estimated as at 30 June 2016 are in land (\$9.124 billion) and in commercial and residential buildings (\$7.495 billion). Over the next three years the net book value of land is expected to decrease by 1.5% and the net book value of buildings is expected to increase by 0.9% mainly as a result of capital expenditure on buildings being greater than the accumulated depreciation on buildings. There is no assumption around the impact of inflation on land and building values.

The department's major liabilities estimated as at 30 June 2016 relate to interest-bearing liabilities and derivatives (\$482.5 million) and payables (\$141.3 million) and liabilities overall are estimated to decrease by \$74.7 million (or 11%) by 2018-19, mainly due to the reduction in interest-bearing liabilities.

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

Controlled income statement

Department of Housing and Public Works	Notes	2014-15 Adjusted Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
INCOME				
Appropriation revenue	1,5,7	730,786	648,809	680,059
Taxes		..	..	..
User charges and fees		1,017,524	996,823	989,512
Royalties and land rents		100	100	100
Grants and other contributions		5,182	7,647	5,716
Interest		2,753	2,753	2,770
Other revenue		12,702	14,024	14,727
Gains on sale/revaluation of assets	2,8	..	18,944	3,698
Total income		1,769,047	1,689,100	1,696,582
EXPENSES				
Employee expenses		176,487	176,344	185,201
Supplies and services		1,224,798	1,199,931	1,198,220
Grants and subsidies	3,6,9	211,831	127,926	153,367
Depreciation and amortisation		202,984	196,578	201,488
Finance/borrowing costs		21,856	22,019	21,241
Other expenses		11,712	14,296	12,562
Losses on sale/revaluation of assets		1,650	440	5,348
Total expenses		1,851,318	1,737,534	1,777,427
OPERATING SURPLUS/(DEFICIT)	4,10	(82,271)	(48,434)	(80,845)

Controlled balance sheet

Department of Housing and Public Works	Notes	2014-15 Adjusted Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CURRENT ASSETS				
Cash assets	16,21	163,879	162,669	202,356
Receivables	11,17	119,066	99,510	102,130
Other financial assets		1,000	4,000	4,000
Inventories		1,028	2,972	1,024
Other		42,421	39,915	41,791
Non financial assets held for sale	12,18,22	94,533	64,885	24,676
Total current assets		421,927	373,951	375,977
NON-CURRENT ASSETS				
Receivables	13,19	97,111	82,224	83,655
Other financial assets		198,031	188,133	184,833
Property, plant and equipment		17,449,450	17,707,840	17,935,943
Intangibles		5,061	3,651	1,797
Other		..	..	..
Total non-current assets		17,749,653	17,981,848	18,206,228
TOTAL ASSETS		18,171,580	18,355,799	18,582,205
CURRENT LIABILITIES				
Payables	14,20	177,533	137,208	136,376
Accrued employee benefits		5,301	5,293	5,402
Interest bearing liabilities and derivatives		18,922	20,105	21,280
Provisions		..	..	..
Other		22,244	25,103	25,457
Total current liabilities		224,000	187,709	188,515
NON-CURRENT LIABILITIES				
Payables		815	6,549	4,916
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives	15	452,905	484,952	461,200
Provisions		..	..	..
Other		..	610	610
Total non-current liabilities		453,720	492,111	466,726
TOTAL LIABILITIES		677,720	679,820	655,241
NET ASSETS/(LIABILITIES)		17,493,860	17,675,979	17,926,964
EQUITY				
TOTAL EQUITY		17,493,860	17,675,979	17,926,964

Controlled cash flow statement

Department of Housing and Public Works	Notes	2014-15 Adjusted Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Appropriation receipts	23,31	729,686	670,205	680,059
User charges and fees	32	1,069,842	1,045,984	1,041,702
Royalties and land rent receipts		100	100	100
Grants and other contributions		5,182	7,647	5,716
Interest received		2,753	2,753	2,770
Taxes		..	..	..
Other	24,33	253,534	299,292	303,344
Outflows:				
Employee costs		(176,246)	(176,103)	(185,132)
Supplies and services		(1,324,478)	(1,303,430)	(1,296,584)
Grants and subsidies	25,34,39	(211,831)	(127,926)	(153,367)
Borrowing costs		(21,856)	(22,019)	(21,241)
Other	26,35	(209,640)	(262,533)	(261,964)
Net cash provided by or used in operating activities		117,046	133,970	115,403
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non financial assets	27,40	119,804	147,817	128,494
Investments redeemed		1,000	7,100	4,500
Loans and advances redeemed		28,200	28,235	33,145
Outflows:				
Payments for non financial assets	36,41	(249,783)	(254,409)	(367,739)
Payments for investments		(1,000)	(1,000)	(1,200)
Loans and advances made		(36,018)	(34,153)	(37,181)
Net cash provided by or used in investing activities		(137,797)	(106,410)	(239,981)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections	28,37,42	155,216	90,143	270,195
Outflows:				
Borrowing redemptions		(15,635)	(15,879)	(16,084)
Finance lease payments		(5,389)	(3,760)	(6,493)
Equity withdrawals	29,43	(88,199)	(100,520)	(83,353)
Net cash provided by or used in financing activities		45,993	(30,016)	164,265
Net increase/(decrease) in cash held		25,242	(2,456)	39,687
Cash at the beginning of financial year	30,38	140,632	167,120	162,669
Cash transfers from restructure		(1,995)	(1,995)	..
Cash at the end of financial year		163,879	162,669	202,356

Administered income statement

Department of Housing and Public Works	Notes	2014-15 Budget* \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
INCOME				
Appropriation revenue	44,46	3,452	8,061	3,468
Taxes		..	..	..
User charges and fees		123	96	89
Royalties and land rents		..	..	..
Grants and other contributions		..	..	..
Interest		..	..	..
Other revenue		..	..	..
Gains on sale/revaluation of assets		..	..	..
Total income		3,575	8,157	3,557
EXPENSES				
Employee expenses		..	..	..
Supplies and services	45,47	3,452	8,061	3,468
Grants and subsidies		..	..	..
Depreciation and amortisation		..	..	..
Finance/borrowing costs		..	..	..
Other expenses		..	..	..
Losses on sale/revaluation of assets		..	..	..
Transfers of Administered Revenue to Government		123	99	89
Total expenses		3,575	8,160	3,557
OPERATING SURPLUS/(DEFICIT)	48	..	(3)	..

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

Administered balance sheet

Department of Housing and Public Works	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CURRENT ASSETS				
Cash assets	
Receivables	
Other financial assets	
Inventories	
Other	
Non financial assets held for sale	
Total current assets	
NON-CURRENT ASSETS				
Receivables	
Other financial assets	
Property, plant and equipment	
Intangibles	
Other	
Total non-current assets	
TOTAL ASSETS	
CURRENT LIABILITIES				
Payables	
Transfers to Government payable	
Accrued employee benefits	
Interest bearing liabilities and derivatives	
Provisions	
Other	
Total current liabilities	
NON-CURRENT LIABILITIES				
Payables	
Accrued employee benefits	
Interest bearing liabilities and derivatives	
Provisions	
Other	
Total non-current liabilities	
TOTAL LIABILITIES	
NET ASSETS/(LIABILITIES)	
EQUITY				
TOTAL EQUITY	

Administered cash flow statement

Department of Housing and Public Works	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Appropriation receipts	49,51	3,452	10,745	3,468
User charges and fees		123	96	89
Royalties and land rent receipts		..	..	..
Grants and other contributions		..	..	..
Interest received		..	..	..
Taxes		..	..	..
Other		..	6	..
Outflows:				
Employee costs		..	..	..
Supplies and services	50,52	(3,452)	(12,338)	(3,468)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		..	..	..
Transfers to Government		(123)	(106)	(89)
Net cash provided by or used in operating activities		..	(1,597)	..
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for non financial assets		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by or used in investing activities		..	..	..
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by or used in financing activities		..	..	..
Net increase/(decrease) in cash held		..	(1,597)	..
Cash at the beginning of financial year		..	1,597	..
Cash transfers from restructure		..	..	..
Cash at the end of financial year		..	..	..

Explanation of variances in the financial statements

The Controlled 2014-15 Budget has been adjusted to reflect the transfer of the plumbing industry council and pool safety council functions from the Department to the Queensland Building and Construction Commission. Further explanation of movements are provided below:

Income statement

Major variations between 2014-15 Adjusted Budget and 2014-15 Estimated Actual include:

1. The decrease in appropriation revenue is mainly due to the deferral of funds from 2014-15 to 2015-16 and out-years primarily relating to various Indigenous housing programs in rural and remote areas partially offset by the deferral of funds carried forward from 2013-14 for various building and other programs.
2. The increase in gains on sale/revaluation of assets is due to the gain on sale of the River Terrace Kangaroo Point car park, a revaluation gain for the Rental Purchase Plan and Pathway Shared Equity Plan properties and gains on sale of social housing properties.
3. The decrease in grants and subsidies is mainly due to the net deferral of projects from 2014-15 to 2015-16 and out-years for various housing programs and the transfer of expenditure from capital grants to capital works including the Deed of Grants in Trust program, the Crisis Accommodation program and the Indigenous Rural and Remote program.
4. The improvement in the operating deficit is mainly due to the transfer from capital grants to capital works for the Deed of Grants in Trust program, net deferral of the Indigenous Community Housing Organisation grant expenditure from 2014-15 to 2015-16, the gain on sale of the River Terrace Kangaroo Point car park and the increase in social housing insurance damage recoveries from the Queensland Government Insurance Fund on outstanding insurance claims. These improvements in the deficit is partially offset by a decrease in social housing rent revenue.

Major variations between 2014-15 Adjusted Budget and 2015-16 Budget include:

5. The decrease in appropriation revenue is mainly due to a decrease in expenditure in 2015-16 primarily relating to various housing programs including the National Partnership Agreement on Remote Indigenous Housing partially offset by the deferral of funds carried forward from 2014-15 to 2015-16 and out-years mainly for various housing and building programs.
6. The decrease in grants and subsidies is mainly due to reduced expenditure in 2015-16 for the National Partnership Agreement on Remote Indigenous Housing infrastructure and land survey program and for new housing and housing upgrades for dwellings owned by Indigenous Councils under the Deed of Grants in Trust program. These decreases are partially offset by an increase in expenditure in 2015-16 for the National Rental Affordability Scheme incentives to increase the supply of affordable rental housing.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

7. The increase in appropriation revenue is mainly due to the net movement in funding allocation relating to deferrals from 2014-15 to 2015-16 for the Indigenous Rural and Remote program, the Churches of Christ long term housing program and the National Rental Affordability Scheme as well as increased funding for the reinstatement of the Independent Advisory Service for Tenants.
8. The decrease in gains on sale is mainly due to the one-off gain on sale of the River Terrace Kangaroo Point car park in 2014-15 and the gain on revaluation for the Rental Purchase Plan and Pathways Shared Equity Plan properties in 2014-15.
9. The increase in grants and subsidies is mainly due to the deferral of expenditure from 2014-15 and prior years to 2015-16 for various programs including the Indigenous Community Housing Organisations program, the Indigenous Rural and Remote program, the Churches of Christ long term housing program and increased expenditure in 2015-16 for the National Rental Affordability Scheme partially offset by a decrease in expenditure for the National Partnership Agreement on Remote Indigenous Housing infrastructure and land survey program.
10. The increase in the operating deficit is mainly due to the deferral of capital grants from 2014-15 and prior years to 2015-16 for the Indigenous Community Housing Organisations program, the gain on sale of the River Terrace Kangaroo Point car park in 2014-15 and higher Queensland Government Insurance Fund payouts received in 2014-15 on outstanding insurance claims.

Balance sheet

Major variations between 2014-15 Adjusted Budget and 2014-15 Estimated Actual include:

11. The decrease in current receivables is mainly due to a decrease in input tax credits receivable from the Australian Taxation Office (ATO) and sundry receivables at 30 June 2015.
12. The decrease in non-financial assets held for sale is mainly due to a change in the methodology of recording social housing assets held for sale and the impact of government owned buildings sold. These buildings were sold in 2014-15 however were originally expected to be sold in 2015-16. These movements are partially offset by the delayed sale of other government owned buildings from 2014-15 to 2015-16 and additional government owned building and government employee houses expected to be sold in 2015-16.
13. The decrease in non-current receivables is mainly due to the lower closing balance at 30 June 2014 for loans and advances.
14. The decrease in current payables is mainly due to lower goods and services tax payable to the ATO and lower than anticipated operating payables at 30 June 2015.
15. The increase in non-current interest-bearing liabilities and derivatives is mainly due to an increase in finance lease liability on 40 year leases associated with the National Partnership Agreement on Remote Indigenous Housing program.

Major variations between 2014-15 Adjusted Budget and 2015-16 Budget include:

16. The increase in cash assets is mainly due to the increased opening cash balance from 2013-14 and the net cash movement in 2015-16 partially offset by the repayment of Commonwealth loans and leases.
17. The decrease in current receivables is mainly due to a decrease in input tax credits receivable from the ATO and sundry receivables at 30 June 2016.
18. The decrease in non-financial assets held for sale is mainly due to a change in the methodology of recording social housing assets held for sale and the expected sale in 2014-15 of various government owned buildings that were due to be sold in 2015-16.
19. The decrease in non-current receivables is mainly due to the lower closing balance at 30 June 2014 for loans and advances.
20. The decrease in current payables is mainly due to lower goods and services tax payable to the ATO carried forward from 2013-14 and lower than anticipated operating payables at 30 June 2016.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

21. The increase in cash assets is mainly due to the deferral of equity injection from 2014-15 to 2015-16 partially offset by the repayment of Commonwealth loans and leases.
22. The decrease in non-financial assets held for sale is mainly due to the expected sales of government owned buildings and government employee houses being lower in 2016-17 than 2015-16.

Cash flow statement

Major variations between 2014-15 Adjusted Budget and 2014-15 Estimated Actual include:

23. The decrease in appropriation revenue is mainly due to the deferral of funds from 2014-15 to 2015-16 and out-years primarily relating to various Indigenous housing programs in rural and remote areas partially offset by the deferral of funds carried forward from 2013-14 for various building and other programs.
24. The increase in other operating inflows is mainly due to a change in the methodology from the 2014-15 adjusted budget where some GST inflows were netted against outflows.
25. The decrease in grants and subsidies is mainly due to the transfer of expenditure from capital grants to capital works including the Deed of Grants in Trust program, Crisis Accommodation program and Indigenous Rural and Remote program and the net deferral of projects from 2014-15 to 2015-16 and out-years for various housing programs.
26. The increase in other operating outflows is mainly due to a change in the methodology from the 2014-15 adjusted budget where some Goods and Services Tax (GST) outflows were netted against inflows.

27. The increase in sale of non-financial assets inflows is mainly due to proceeds for government owned buildings sold in 2014-15 originally budgeted for in a different period, higher net sales proceeds than originally budgeted and an increase in social housing insurance damage recoveries from the Queensland Government Insurance Fund. These increases are partially offset by the delayed sale of some government owned office buildings from 2014-15 to 2015-16 and reduced government employee housing sales in 2014-15.
28. The decrease in equity injections is mainly due to the deferral of equity injection for the National Partnership Agreement on Remote Indigenous Housing from 2014-15 to 2015-16.
29. The increase in equity withdrawal outflows is mainly due to the return of net proceeds to the Consolidated Fund relating to the sale of government owned buildings sold in 2014-15 and higher proceeds realised on some buildings than originally budgeted partially offset by the delay in the sale of government buildings to 2015-16.
30. The increase in cash at the beginning of the financial year is mainly due to underspends in capital works and plant and equipment and lower housing lending programs in 2013-14 resulting in a higher actual closing balance in 2013-14.

Major variations between 2014-15 Adjusted Budget and 2015-16 Budget include:

31. The decrease in appropriation revenue is mainly due to a decrease in expenditure in 2015-16 primarily relating to various housing programs including the National Partnership Agreement on Remote Indigenous Housing partially offset by the deferral of funds carried forward from 2014-15 to 2015-16 and out-years mainly for various housing and building programs.
32. The decrease in user charges and fees is mainly due to the reduction in rent revenue associated with the transfer of the Logan service centre from 1 October 2015, net reduction in rent revenue from the commercial property portfolio and the reduction in rent revenue from the government employee housing property portfolio. These decreases are partly offset by the increase in rent revenue for social housing in 2015-16.
33. The increase in other operating inflows is mainly due to a change in the methodology for 2014-15 adjusted budget where some GST inflows were netted against outflows.
34. The decrease in grants and subsidies is mainly due to reduced expenditure in 2015-16 for the National Partnership Agreement on Remote Indigenous Housing infrastructure and land survey programs and for new housing and housing upgrades for dwellings owned by Indigenous Councils under the Deed of Grants in Trust program. These decreases are partially offset by an increase of expenditure in 2015-16 for the National Rental Affordability Scheme incentives to increase the supply of affordable rental housing.
35. The increase in other operating outflows is mainly due a change in the methodology for 2014-15 adjusted budget where some GST outflows were netted against inflows.
36. The increase in payments for non-financial assets outflows is mainly due to the net increases in expenditure for National Partnership Agreement on Remote Indigenous Housing program, new social housing and National Partnership Agreement on Mental Health Reform construction program, the transfer from capital grants to capital upgrades relating to the Deed of Grants in Trust program, construction of Queensland Health staff accommodation on Thursday Island in 2015-16 and the Cairns Convention Centre roof replacement program in 2015-16. This is partially offset by net decreases for National Partnership Agreement on Homelessness capital program.
37. The increase in equity injection inflows is mainly due to net deferrals of capital works funding for the National Partnership Agreement on Remote Indigenous Housing, funding from the Australian Government for the Thursday Island Queensland Health staff accommodation project, an equity funding transfer from Queensland Health for the National Partnership Agreement - Supporting Mental Health Reform program and the transfer of funding from operating expenditure to capital.
38. The increase in cash at the beginning of the year is mainly due to underspends in capital works and plant and equipment and lower housing lending programs in 2013-14 resulting in a higher actual closing balance in 2013-14.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

39. The increase in grants and subsidies is mainly due to the deferral from 2014-15 and prior years to 2015-16 of various programs including the Indigenous Community Housing Organisations program, the Indigenous Rural and Remote program, the Churches of Christ long term housing program and an increase in expenditure for the National Rental Affordability Scheme partially offset by a decrease in expenditure for the National Partnership Agreement on Remote Indigenous Housing.

40. The decrease in sales of non-financial assets inflows is mainly due to higher proceeds for government owned buildings sold in 2014-15 and a decrease in social housing insurance damage recoveries in 2015-16 from the Queensland Government Insurance Fund partially offset by higher government employee housing sales expected in 2015-16.
41. The increase in payments of non-financial assets outflows is mainly due to an increase in 2015-16 for social housing, a net increase in 2015-16 for the National Partnership Agreement on Remote Indigenous Housing due to an escalation in new housing development, a net increase in National Partnership Agreement on Mental Health Reform construction program funded from Queensland Health and construction in 2015-16 for the Thursday Island staff accommodation project. These increases are partially offset by decreased funding for Deed of Grants in Trust and the National Partnership Agreement on Homelessness capital program.
42. The increase in equity injection inflows is mainly due to the net funding deferrals from 2014-15 to 2015-16 and the escalation in housing construction activity in 2015-16 in relation to the National Partnership Agreement on Remote Indigenous Housing.
43. The decrease in equity withdrawal outflows in 2015-16 is mainly due to a higher return of proceeds to the Consolidated Fund relating to the sale of government owned buildings sold in 2014-15 compared to the budget sale proceeds returned in 2015-16.

Administered income statement

Major variations between 2014-15 Budget* and 2014-15 Estimated Actual include:

44. The increase in administered appropriation revenue is due to severance payment funding received for Building and Asset Services following the restructure of the former Project Services and QBuild commercialised business units.
45. The increase in supplies and services is due to the reimbursement of severance payments to Building and Asset Services.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

46. The decrease in administered appropriation revenue is mainly due to severance payment funding received in 2014-15 for Building and Asset Services following the restructure of the former Project Services and QBuild commercialised business units.
47. The decrease in supplies and services is mainly due to the reimbursement of severance payments to Building and Asset Services in 2014-15.
48. The operating deficit represents additional fees received in 2013-14 for accreditation of residential service units and retirement villages which will be transferred to the Consolidated Fund in 2014-15.

Administered cash flow statement

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

49. The increase in administered appropriation receipts is due to the severance payment funding received in 2014-15 for payments made by Building and Asset Services in June 2014 and in 2014-15 following the restructure of the former Project Services and QBuild commercialised business units.
50. The increase in supplies and services is due to the reimbursement of severance payments to Building and Asset Services and other payments of invoices accrued as at 30 June 2014 and paid in 2014-15.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

51. The decrease in administered appropriation receipts is mainly due to the severance payment funding received in 2014-15 for Building and Asset Services following the restructure of the former Project Services and QBuild commercialised business units.
52. The decrease in supplies and services is due to the reimbursement of severance payments to Building and Asset Services and also other payments of invoices accrued as at 30 June 2014 and paid in 2014-15.

Reporting Entity Financial Statements

Reporting Entity comprises:

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

Reporting entity income statement

Department of Housing and Public Works	Notes	2014-15 Adjusted Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
INCOME				
Appropriation revenue		730,786	648,809	680,059
Taxes	
User charges and fees		1,496,950	1,570,995	1,507,428
Royalties and land rents		100	100	100
Grants and other contributions		5,182	7,647	5,716
Interest		3,765	4,106	4,168
Other revenue		16,601	21,639	19,255
Gains on sale/revaluation of assets		..	18,944	3,698
Total income		2,253,384	2,272,240	2,220,424
EXPENSES				
Employee expenses		293,296	294,018	302,808
Supplies and services		1,533,172	1,598,141	1,547,063
Grants and subsidies		211,831	127,926	153,367
Depreciation and amortisation		238,612	234,207	236,626
Finance/borrowing costs		28,906	28,982	28,399
Other expenses		13,295	15,787	13,983
Losses on sale/revaluation of assets		1,650	472	5,351
Total expenses		2,320,762	2,299,533	2,287,597
Income tax expense/revenue		4,468	6,343	4,105
OPERATING SURPLUS/(DEFICIT)		(71,846)	(33,636)	(71,278)

Reporting entity balance sheet

Department of Housing and Public Works	Notes	2014-15 Adjusted Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CURRENT ASSETS				
Cash assets		245,108	246,263	293,559
Receivables		177,600	199,928	201,982
Other financial assets		1,000	4,000	4,000
Inventories		56,684	49,827	49,473
Other		47,389	44,729	46,245
Non financial assets held for sale		94,533	64,885	24,676
Total current assets		622,314	609,632	619,935
NON-CURRENT ASSETS				
Receivables		97,111	82,224	83,655
Other financial assets		198,031	188,133	184,833
Property, plant and equipment		17,673,599	17,925,260	18,162,762
Deferred tax assets		4,368	3,960	3,260
Intangibles		19,579	16,957	12,105
Other	
Total non-current assets		17,992,688	18,216,534	18,446,615
TOTAL ASSETS		18,615,002	18,826,166	19,066,550
CURRENT LIABILITIES				
Payables		223,324	194,026	194,094
Current tax liabilities		1,650	2,083	1,509
Accrued employee benefits		9,188	9,684	8,945
Interest bearing liabilities and derivatives		18,922	20,105	21,280
Provisions		3,181	1,075	1,075
Other		65,521	95,957	92,898
Total current liabilities		321,786	322,930	319,801
NON-CURRENT LIABILITIES				
Payables		815	6,549	4,916
Deferred tax liabilities		11,521	10,866	8,996
Accrued employee benefits	
Interest bearing liabilities and derivatives		588,467	611,464	602,712
Provisions	
Other		163	622	622
Total non-current liabilities		600,966	629,501	617,246
TOTAL LIABILITIES		922,752	952,431	937,047
NET ASSETS/(LIABILITIES)		17,692,250	17,873,735	18,129,503
EQUITY				
TOTAL EQUITY		17,692,250	17,873,735	18,129,503

Reporting entity cash flow statement

Department of Housing and Public Works	Notes	2014-15 Adjusted Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Appropriation receipts		729,686	670,205	680,059
User charges and fees		1,626,665	1,676,832	1,621,394
Royalties and land rent receipts		100	100	100
Grants and other contributions		5,182	7,647	5,716
Interest received		3,815	4,117	4,180
Taxes	
Other		285,031	344,597	338,185
Outflows:				
Employee costs		(295,446)	(295,616)	(303,587)
Supplies and services		(1,757,391)	(1,839,937)	(1,765,395)
Grants and subsidies		(211,831)	(127,926)	(153,367)
Borrowing costs		(28,925)	(29,020)	(28,345)
Taxation equivalents paid		(5,907)	(6,983)	(5,849)
Other		(226,057)	(276,775)	(277,165)
Net cash provided by or used in operating activities		124,922	127,241	115,926
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non financial assets		119,804	147,817	128,494
Investments redeemed		1,000	7,100	4,500
Loans and advances redeemed		28,200	28,235	33,145
Outflows:				
Payments for non financial assets		(250,583)	(255,017)	(368,254)
Payments for investments		(1,000)	(1,000)	(1,200)
Loans and advances made		(36,018)	(34,153)	(37,181)
Net cash provided by or used in investing activities		(138,597)	(107,018)	(240,496)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		24,740	..	19,600
Equity injections		155,216	84,243	270,195
Outflows:				
Borrowing redemptions		(25,026)	(15,879)	(20,684)
Finance lease payments		(5,389)	(3,760)	(6,493)
Equity withdrawals		(88,199)	(100,520)	(83,353)
Dividends paid		(7,725)	(10,811)	(7,399)
Net cash provided by or used in financing activities		53,617	(46,727)	171,866
Net increase/(decrease) in cash held		39,942	(26,504)	47,296
Cash at the beginning of financial year		207,161	274,762	246,263
Cash transfers from restructure		(1,995)	(1,995)	..
Cash at the end of financial year		245,108	246,263	293,559

Commercialised business unit

Building and Asset Services

Overview

Building and Asset Services works closely with industry, Queensland Government departments and agencies on building, construction and maintenance to ensure delivery of services that customers value.

Building and Asset Services' primary role is to procure and manage contracts for building works and maintenance, and provide management services across a range of facilities, including hospitals, schools, housing and police stations.

Building and Asset Services actively works with industry to deliver sophisticated procurement arrangements that leverage value from industry whilst reducing the transactional costs for government.

To ensure customer needs are met and local industry is supported, Building and Asset Services has a broad geographic presence across Queensland with five regional offices in Brisbane, Cairns, Townsville, Rockhampton and Toowoomba, supported by a network of district offices and depots. In 2015-16 a new regional office will be established to service the Fraser Coast and Wide Bay Burnett regions.

Service performance

Throughout 2014-15 Building and Asset Services continued to provide services that make a positive difference to the community by:

- contracting with the private sector on behalf of Queensland Government agencies for trade-based services, with the objective of increasing the level of local industry participation in regional areas
- improving procurement and contract management capability and supplier performance monitoring
- engaging with customers and suppliers to ensure Building and Asset Services responds quickly and innovatively to customers' needs
- providing a regional delivery business model to build and support regional capability and capacity by devolving responsibility to those best placed to make decisions
- embedding customer and supplier relationship management to deliver value-for-money outcomes.

In 2015-16, Building and Asset Services will continue to deliver significant initiatives and enhance its operating model through:

- delivering savings by aggregating work across agencies in geographical locations to achieve economies of scale prior to contracting with the private sector
- delivering pilot programs for service maintenance and housing maintenance such as the completed Caboolture Housing Trial. This trial demonstrated cost benefits and improved service delivery for unplanned maintenance to social housing through aggregated contracts delivered by local contractors
- maintaining a rapid response capacity to support disaster recovery, urgent after hours repairs, asbestos issues and vandalism impacting Queensland Government facilities
- improving service delivery to customers by implementing web portal and electronic interface technology to improve operating effectiveness, efficiency and data accuracy
- building flexibility to ensure efficient and effective delivery of the state's building capital works and maintenance programs
- maximising opportunities to support local employment and building regional capability and resilience
- delivering cost effective services and solutions in remote and Indigenous communities and working closely with Indigenous Councils to build procurement and contract management capability.

Service performance

Performance statement

Building and Asset Services

Service area objective

To deliver coordinated procurement and contract management services for building, construction and maintenance related activities for Queensland Government agencies, focusing on providing value for money.

Service area description

Building and Asset Services delivers coordinated procurement and contract management of building services to Queensland Government agencies. Support is provided to government agencies to manage risks associated with owning and operating a range of existing asset portfolios and assistance with planning, procuring and delivering new building infrastructure. Smart and simple solutions are provided that deliver value in construction, asset and facilities management, procurement and contract management.

Building and Asset Services	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Service area: Building and Asset Services				
Service standards				
<i>Effectiveness measure</i>				
Overall customer satisfaction	1	..	..	80%
<i>Efficiency measures</i>				
Gross profit as a percentage of sales	2	9.8	7.8	8.1
Net profit before tax and dividends as a percentage of sales	3	0.5	0.0	0.1
Current ratio	4	1.82:1	1.72:1	1.75:1
Value created from better procurement	5	20%	22%	10%

Notes:

1. The 2014-15 Target/Estimate is not available due to the conduct of a biennial customer satisfaction survey, with the next survey to be undertaken in 2015-16. The wording of the service standard has been amended to clarify the service standard measures overall satisfaction. The methodology remains the same.
2. Variance between 2014-15 and 2015-16 Target/Estimates and 2014-15 Estimated Actual is due to reduced contribution from capital works programs. This is a result of reduced sales with fixed internal labour costs and changes in the Building and Asset Services charging structure. These have been offset by the increased contribution from higher maintenance sales.
3. Variance between 2014-15 and 2015-16 Target/Estimates and 2014-15 Estimated Actual is due to the reduction in gross profit as a percentage of sales. Business transformation and the cost of improving business systems and processes are expected to further impact operations resulting in a lower net profit before tax and dividends as a percentage of sales.
4. Variance between 2014-15 and 2015-16 Target/Estimates to 2014-15 Estimated Actual is due to the relative increase in unearned revenue offset by increased receivables resulting from increased volume of work.
5. Variance between 2014-15 and 2015-16 Target/Estimates and 2014-15 Estimated Actual represents a reduction as a result of a renewed focus on social outcomes such as building regional capability and providing improved employment opportunities. The wording of the service standard has been amended from 'percentage of savings from better procurement' to 'value created from better procurement'. This is due to 'value creation' being a more accurate representation of potential outcomes generated for customers. The methodology and calculations for capturing and recording percentage remains the same.

Staffing^{1, 2}

Building and Asset Services	Notes	2014-15 Budget	2014-15 Est. Actual	2015-16 Budget
Building and Asset Services	3	1,174	1,356	1,301

Notes:

1. FTEs as at 30 June.
2. Includes corporate FTEs allocated to Building and Asset Services.
3. Variance between 2014-15 Budget and 2014-15 Estimated Actual is mainly due to the planned transition of some apprentices and field staff to the private sector no longer progressing and the recruitment of key service delivery positions. Variance between 2014-15 Estimated Actual and 2015-16 Budget is mainly due to a number of apprentices completing their training in 2015-16.

Income statement

Building and Asset Services	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
INCOME				
User charges and fees	1,5,8	734,559	834,386	794,883
Grants and other contributions		..	..	..
Interest		1,000	1,285	1,285
Other revenue	2,9	4,081	7,797	4,710
Gains on sale/revaluation of assets		..	..	..
Total income		739,640	843,468	800,878
EXPENSES				
Employee expenses		111,924	113,043	112,839
Supplies and services	3,6,10	619,736	725,363	682,384
Grants and subsidies		..	..	..
Depreciation and amortisation		3,216	3,391	3,363
Finance/borrowing costs		..	..	..
Other expenses		1,454	1,351	1,279
Losses on sale/revaluation of assets		..	32	3
Total expenses		736,330	843,180	799,868
Income tax expense/revenue		993	87	303
OPERATING SURPLUS/(DEFICIT)	4,7	2,317	201	707

Balance sheet

Building and Asset Services	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CURRENT ASSETS				
Cash assets		80,729	80,628	86,742
Receivables	11,15,20	100,104	130,055	124,095
Other financial assets		..	..	..
Inventories	12,16	44,173	37,633	39,830
Other		762	277	277
Non financial assets held for sale		..	..	..
Total current assets		225,768	248,593	250,944
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		1,139	1,129	1,264
Deferred tax assets		4,339	3,930	3,230
Intangibles	17	14,518	13,306	10,308
Other		..	..	..
Total non-current assets		19,996	18,365	14,802
TOTAL ASSETS		245,764	266,958	265,746
CURRENT LIABILITIES				
Payables		73,384	73,909	76,689
Current tax liabilities		665	58	303
Accrued employee benefits		3,316	4,233	3,385
Interest bearing liabilities and derivatives		..	..	..
Provisions	13,18	3,181	1,075	1,075
Other	14,19	43,277	65,017	61,975
Total current liabilities		123,823	144,292	143,427
NON-CURRENT LIABILITIES				
Payables		..	..	..
Deferred tax liabilities		4,847	4,896	4,196
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		163	12	12
Total non-current liabilities		5,010	4,908	4,208
TOTAL LIABILITIES		128,833	149,200	147,635
NET ASSETS/(LIABILITIES)		116,931	117,758	118,111
EQUITY				
TOTAL EQUITY		116,931	117,758	118,111

Cash flow statement

Building and Asset Services	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges and fees	21,25,28	790,309	873,768	846,843
Grants and other contributions		..	..	..
Interest received		1,000	1,271	1,285
Other	22,26,29	19,101	30,592	23,903
Outflows:				
Employee costs		(114,315)	(114,783)	(113,687)
Supplies and services	23,27,30	(676,821)	(803,541)	(750,291)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Taxation equivalents paid		(829)	..	(58)
Other		(1,547)	(1,350)	(1,280)
Net cash provided by or used in operating activities		16,898	(14,043)	6,715
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for non financial assets		(800)	(608)	(500)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by or used in investing activities		(800)	(608)	(500)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Dividends paid	24	(1,444)	(3,337)	(101)
Net cash provided by or used in financing activities		(1,444)	(3,337)	(101)
Net increase/(decrease) in cash held		14,654	(17,988)	6,114
Cash at the beginning of financial year		66,075	98,616	80,628
Cash transfers from restructure		..	..	..
Cash at the end of financial year		80,729	80,628	86,742

Explanation of variances in the financial statements

Income statement

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

1. The increase in user charges and fees is mainly due to higher than budgeted maintenance work that was budgeted to go direct to market.
2. The increase in other revenue is mainly due to funding received towards the payments for the former Government's voluntary redundancies not originally budgeted.
3. The increase in supplies and services is mainly due to an increase in payments to contractors reflecting the higher volume of work and an increase in the amount of work outsourced to contractors.
4. The decrease in the surplus mainly reflects the impact of a reduced contribution from a lower capital works program and changes in the BAS charging structure. This reduction is partly offset by an increased contribution from higher maintenance sales. Business transformation and the cost of improving business systems and processes is expected to further reduce the surplus.

Major variations between 2014-15 Budget and 2015-16 Budget include:

5. The increase in user charges and fees is mainly due to increased maintenance work that was budgeted to go direct to market or transferred to the not for profit sector.
6. The increase in supplies and services is mainly due to an increase in payments to contractors reflecting the higher volume of work and an increase in the amount of work outsourced.
7. The decrease in the surplus mainly reflects the impact of a reduced contribution from a lower capital works program and changes in the BAS charging structure. This is partly offset by an increased contribution from higher maintenance sales.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

8. The decrease in user charges and fees is mainly due to the ceasing of funding for some maintenance programs and transfer of work to the not for profit sector.
9. The decrease in other revenue is mainly due to funding received towards the payments for the former Government's voluntary redundancies in 2014-15.
10. The decrease in supplies and services is largely due to the anticipated reduction in the volume of work.

Balance sheet

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

11. The increase in receivables mainly reflects the higher volume of work anticipated to be invoiced in the last quarter of 2014-15 compared to the original budget.
12. The decrease in inventories is mainly due to the anticipated reduction in the value of work in progress carried over into the next financial year.
13. The decrease in provisions is mainly due to early settlement of rent, former Government's redundancies and lease make good obligations as well as reassessment of service warranties.
14. The increase in other current liabilities is mainly due to the anticipated increase in unearned revenue resulting from the higher volume of work.

Major variations between 2014-15 Budget and 2015-16 Budget include:

15. The increase in receivables mainly reflects the higher volume of work anticipated to be invoiced in the last quarter of 2015-16.
16. The decrease in inventories is mainly due to the anticipated reduction in the value of work in progress carried over into the next financial year.
17. The decrease in intangibles is mainly due to the amortisation of existing Information Technology (IT) software items exceeding new IT software purchases.

18. The decrease in provisions is mainly due to early settlement of rent, former Government's redundancies and lease make good obligations as well as reassessment of service warranties.
19. The increase in other current liabilities is mainly due to the anticipated increase in unearned revenue resulting from the higher volume of work.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

20. The decrease in receivables mainly reflects the reduced volume of work anticipated to be billed/invoiced in the last quarter of 2015-16.

Cash flow statement

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

21. The increase in user charges and fees is mainly due to higher revenue from the higher volume of work.
22. The increase in other inflows is mainly due to funding received towards the payments of the former Government's voluntary redundancies and higher than anticipated Goods and Services Tax (GST) inflows from the Australian Taxation Office (ATO) associated with the higher revenue.
23. The increase in supplies and services is mainly due to payments to contractors reflecting the higher volume of work.
24. The increase in dividends paid is mainly due to the higher dividend paid in 2014-15 on higher actual 2013-14 profits.

Major variations between 2014-15 Budget and 2015-16 Budget include:

25. The increase in user charges and fees is mainly due to higher revenue from the anticipated higher volume of work.
26. The increase in other inflows is mainly due to higher GST inflows from the ATO associated with the anticipated higher revenue.
27. The increase in supplies and services is mainly due to payments to contractors reflecting the anticipated higher volume of work.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

28. The decrease in user charges and fees is mainly due to lower revenue from the anticipated lower volume of work.
29. The decrease in other inflows is mainly due to lower GST inflows from the ATO associated with the anticipated lower revenue.
30. The decrease in supplies and services is mainly due to payments to contractors reflecting the anticipated lower volume of work.

Commercialised business unit

QFleet

Overview

QFleet is the Queensland Government's fleet owner and manager responsible for approximately 9,800 motor vehicles. QFleet's role and value to the Government is based on its capacity to aggregate the Queensland Government vehicle fleet and associated services enabling economies of scale. QFleet provides a centralised pool of expertise in procurement and contract management, fleet advisory services, fleet leasing, vehicle servicing and repairs, vehicle disposal, whole-of-government vehicle fleet reporting, and the development and management of whole-of-government vehicle fleet policy to public sector departments, as well as government funded organisations.

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

Key factors impacting on QFleet include:

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

Service performance

In 2014–15, QFleet implemented a range of initiatives:

- continued to work with semi-government organisations to identify procurement opportunities through access to procurement arrangements
- aggregated the insurance arrangements for a number of agencies with owned fleets, resulting in a saving to Government of approximately \$1.3 million
- managed a vehicle fleet of more than 9,800 vehicles, a reduction of 4.2% since 1 July 2014.

In 2015–16, QFleet will continue to implement a range of initiatives, including:

- delivering enhanced fleet management services to improve efficiencies and generate savings at a whole-of-government level
- continuing to work with semi-government organisations to identify procurement opportunities through access to procurement arrangements.

Service performance

Performance statement

QFleet

Service area objective

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

Service area description

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

Performance statement

QFleet	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Service Area: QFleet				
Service standards				
<i>Effectiveness measure</i>				
Overall customer satisfaction	1	..	..	79%
<i>Efficiency measures</i>				
Current ratio	2, 3	1.03:1	0.87:1	1.23:1
Return on net assets	4, 5	8.18%	12.5%	8.5%
Gearing level	6	62%	61%	62%
Percentage of vehicle fleet utilisation compared to agreed lease parameters		90%	90%	90%

Notes:

1. The 2014-15 Target/Estimate is not available due to the conduct of a biennial customer satisfaction survey, with the next survey to be undertaken in 2015-16. The wording of this service standard has been amended to clarify the service standard measures overall customer satisfaction. The methodology remains the same.
2. Variance between 2014-15 Target/Estimate and 2014-15 Estimated Actual is due to higher than anticipated dividends payable on estimated profits for 2014-15.
3. Variance between 2014-15 Estimated Actual and 2015-16 Target/Estimates is due to lower than expected dividends payable as a result of lower surpluses in 2015-16.
4. Variance between 2014-15 Target/Estimate and 2014-15 Estimated Actual is due to a higher operating surplus in 2014-15 as a result of higher than anticipated profit on the sale of motor vehicles.
5. Variance between 2014-15 Estimated Actual and 2015-16 Target/Estimates is due to lower than expected operating surplus in 2015-16.
6. Variance between 2014-15 Estimated Actual and 2015-16 Target/Estimates is due to an increase in Queensland Treasury Corporation long-term debt to fund purchases in 2015-16.

Staffing^{1, 2}

QFleet	Notes	2014-15 Budget	2014-15 Est. Actual	2015-16 Budget
QFleet		49	49	49

Notes:

1. FTEs as at 30 June.
2. Includes corporate FTEs allocated to QFleet.

Income statement

QFleet	Notes	2014-15 Budget* \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
INCOME				
User charges and fees	1,6,10	152,367	168,031	145,615
Grants and other contributions		..	..	..
Interest	2,7,11	12	68	113
Other revenue		370	370	370
Gains on sale/revaluation of assets		..	..	..
Total income		152,749	168,469	146,098
EXPENSES				
Employee expenses		4,885	4,631	4,768
Supplies and services	3,8,12	96,690	101,644	89,593
Grants and subsidies		..	..	..
Depreciation and amortisation	4,13	32,412	34,238	31,775
Finance/borrowing costs	14	7,050	6,963	7,158
Other expenses		129	140	142
Losses on sale/revaluation of assets		..	..	..
Total expenses		141,166	147,616	133,436
Income tax expense/revenue		3,475	6,256	3,802
OPERATING SURPLUS/(DEFICIT)	5,9,15	8,108	14,597	8,860

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

Balance sheet

QFleet	Notes	2014-15 Budget* \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CURRENT ASSETS				
Cash assets	16,26,33	500	2,966	4,461
Receivables	17,27	3,294	9,894	10,407
Other financial assets		..	..	..
Inventories	18,28,34	11,483	9,222	8,619
Other		4,206	4,537	4,177
Non financial assets held for sale		..	..	..
Total current assets		19,483	26,619	27,664
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	19,35	223,010	216,291	225,555
Deferred tax assets		29	30	30
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		223,039	216,321	225,585
TOTAL ASSETS		242,522	242,940	253,249
CURRENT LIABILITIES				
Payables	20,36	17,271	22,440	15,679
Current tax liabilities	21,37	985	2,025	1,206
Accrued employee benefits	22,29	571	158	158
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other	23,30	..	5,837	5,466
Total current liabilities		18,827	30,460	22,509
NON-CURRENT LIABILITIES				
Payables		..	..	..
Deferred tax liabilities	24,31,38	6,674	5,970	4,800
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives	25,32,39	135,562	126,512	141,512
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		142,236	132,482	146,312
TOTAL LIABILITIES		161,063	162,942	168,821
NET ASSETS/(LIABILITIES)		81,459	79,998	84,428
EQUITY				
TOTAL EQUITY		81,459	79,998	84,428

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

Cash flow statement

QFleet	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges and fees	40,45,49	170,233	186,877	160,312
Grants and other contributions		..	..	..
Interest received		62	93	125
Other	41,46,50	12,948	15,265	11,490
Outflows:				
Employee costs		(4,885)	(4,730)	(4,768)
Supplies and services	47,51	(160,363)	(163,315)	(146,535)
Grants and subsidies		..	..	..
Borrowing costs		(7,069)	(7,001)	(7,104)
Taxation equivalents paid		(5,078)	(6,983)	(5,791)
Other		(14,870)	(12,892)	(13,921)
Net cash provided by or used in operating activities		(9,022)	7,314	(6,192)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for non financial assets		..	..	(15)
Payments for investments		..	..	..
Loans and advances made		..	..	..
Net cash provided by or used in investing activities		..	..	(15)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	42,52	24,740	..	19,600
Equity injections		..	..	..
Outflows:				
Borrowing redemptions	43,48	(9,391)	..	(4,600)
Finance lease payments		..	..	..
Equity withdrawals	44	..	(5,900)	..
Dividends paid		(6,281)	(7,474)	(7,298)
Net cash provided by or used in financing activities		9,068	(13,374)	7,702
Net increase/(decrease) in cash held		46	(6,060)	1,495
Cash at the beginning of financial year		454	9,026	2,966
Cash transfers from restructure		..	..	..
Cash at the end of financial year		500	2,966	4,461

Explanation of variances in the financial statements

Income statement

Major variations between 2014-15 Budget* and 2014-15 Estimated Actual include:

1. The increase in user charges and fees is mainly due to higher proceeds on sale of motor vehicles as a result of a higher than anticipated number of motor vehicles sold and higher average selling prices.
2. The increase in interest is mainly due to higher than expected average cash balances during the year.
3. The increase in supplies and services is mainly due to a higher written down value on sale of motor vehicles as a result of higher than anticipated number of motor vehicles sold partly offset by lower than anticipated operating expenses.
4. The increase in depreciation and amortisation expenses is mainly due to a higher number of informal lease extensions than originally budgeted.
5. The increase in the operating surplus is mainly due to higher average profit on sale of motor vehicles, a higher number of motor vehicles sold, no informal lease extensions budgeted and lower than anticipated operating expenses.

Major variations between 2014-15 Budget* and 2015-16 Budget include:

6. The decrease in user charges and fees is mainly due to lower expected lease revenue from an expected reduced fleet size and lower proceeds on sale of motor vehicles due to a lower number of motor vehicles expected to be sold and a lower profit margin on these sales in 2015-16.
7. The increase in interest is mainly due to higher expected average cash balances during the year.
8. The decrease in supplies and services is mainly due to a lower written down value on sale of motor vehicles as a result of a lower number of motor vehicles sold and lower vehicle operating expenses due to a reduced fleet size.
9. The increase in the operating surplus is mainly due to higher average profit on sale of motor vehicles assumed in 2015-16 and an overall reduction in anticipated operating expenses.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

10. The decrease in user charges and fees is mainly due to lower expected lease revenue from a reduced fleet size and lower proceeds on sale of motor vehicles due to a lower number of motor vehicles expected to be sold and a lower profit margin on these sales in 2015-16.
11. The increase in interest is mainly due to higher expected average cash balances during the year.
12. The decrease in supplies and services is mainly due to a lower written down value on sale of motor vehicles as a result of a lower number of motor vehicles sold and lower vehicle operating expenses due to a reduced fleet size.
13. The decrease in depreciation and amortisation expenses is mainly due to a reduced fleet size and no informal lease extensions assumed in 2015-16.
14. The increase in finance / borrowing costs is mainly due to higher borrowings to fund motor vehicle purchases in 2015-16 due to a reduced number of motor vehicles sold.
15. The decrease in the operating surplus is mainly due to the reduction in the lease revenue from a reduced fleet size, a lower number of vehicles sold, a lower average profit on sale of motor vehicles and no informal lease extensions budgeted in 2015-16.

Balance sheet

Major variations between 2014-15 Budget* and 2014-15 Estimated Actual include:

16. The increase in cash assets is mainly a result of a higher operating surplus and a higher opening cash balance reduced by the unbudgeted equity withdrawal.
17. The increase in receivables is due to the re-classification of unearned revenue on leases to current liabilities in the 2014-15 Estimated actuals which was netted off against receivables in the original 2014-15 budget.
18. The decrease in inventories is mainly due to the decrease in the expected number of vehicles awaiting sale at year end.
19. The decrease in property plant and equipment is due to a reduced fleet size.

20. The increase in payables is mainly due to higher provision for dividends payable based on a higher than anticipated surplus for 2014-15.
21. The increase in current tax liabilities is mainly due to the higher than anticipated surplus for 2014-15.
22. The decrease in accrued employee benefits is due to the timing of leave taken.
23. The increase in other current liabilities is due to the re-classification of unearned revenue on leases in the 2014-15 Estimated actuals which was netted off against receivables in the original 2014-15 budget.
24. The decrease in deferred tax liabilities is mainly due to the movement between accounting depreciation and tax depreciation on motor vehicles.
25. The decrease in interest bearing liabilities and derivatives is mainly due to no borrowings for the purchase of motor vehicles in 2014-15.

Major variations between 2014-15 Budget* and 2015-16 Budget include:

26. The increase in cash assets is mainly due to a higher than anticipated opening cash balance.
27. The increase in receivables is due to the re-classification of unearned revenue on leases to current liabilities in the 2015-16 Budget which was netted off against receivables in the original 2014-15 budget.
28. The decrease in inventories is mainly due to the decrease in the expected number of vehicles awaiting sale at year end.
29. The decrease in accrued employee benefits is due to the timing of leave taken.
30. The increase in other current liabilities is due to the re-classification of unearned revenue on leases in the 2015-16 Budget which was netted off against receivables in the original 2014-15 budget.
31. The decrease in deferred tax liabilities is mainly due to the movement between accounting depreciation and tax depreciation on motor vehicles.
32. The increase in interest bearing liabilities and derivatives is mainly due to higher borrowings for the purchase of motor vehicles in 2015-16.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

33. The increase in cash assets is mainly due to the increase in borrowings to fund the purchase of motor vehicles and no equity withdrawals partially offset by the lower operating surplus.
34. The decrease in inventories is mainly due to the decrease in the expected number of vehicles awaiting sale at year end.
35. The increase in property, plant and equipment is mainly due to higher depreciation in 2014-15 from a higher number of informal lease extensions.
36. The decrease in payables is mainly due to lower provision for dividends payable based on a lower anticipated surplus for 2015-16.
37. The decrease in current tax liabilities is due to a lower operating surplus for 2015-16.
38. The decrease in deferred tax liabilities is mainly due to the movement between accounting depreciation and tax depreciation on motor vehicles.
39. The increase in interest bearing liabilities and derivatives is mainly due to higher borrowings for the purchase of motor vehicles in 2015-16.

Cash flow statement

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

40. The increase in user charges and fees is mainly due to higher proceeds on sale of motor vehicles as a result of a higher than anticipated number of motor vehicles sold and higher average selling prices.
41. The increase in other inflows is mainly due to higher Goods and Services Tax (GST) inflows from the Australian Taxation Office (ATO) associated with the higher revenue.
42. The decrease in borrowings is due to no borrowings for the purchasing of motor vehicles in 2014-15.
43. The decrease in borrowing redemptions is due to no repayments made against long term borrowings in 2014-15.

44. The increase in equity withdrawals is mainly due to a payment to the departmental entity for capital and maintenance projects in 2014-15.

Major variations between 2014-15 Budget and 2015-16 Budget include:

45. The decrease in user charges and fees is mainly due to lower than expected lease revenue from an expected reduced fleet size and lower proceeds on sale of motor vehicles due to a lower number of motor vehicles expected to be sold and a lower profit margin on these sales in 2015-16.
46. The decrease in other inflows is mainly due to lower GST inflows from the ATO associated with the lower revenue.
47. The decrease in supplies and services is mainly due to lower motor vehicle purchases and lower operating expenses in 2015-16.
48. The decrease in borrowing redemptions is due to no repayments made against long term borrowings in 2014-15.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

49. The decrease in user charges and fees is mainly due to lower than expected lease revenue from an expected reduced fleet size and lower proceeds on sale of motor vehicles due to a lower number of motor vehicles expected to be sold and a lower profit margin on these sales in 2015-16.
50. The decrease in other inflows is mainly due to lower GST inflows from the ATO associated with the lower revenue.
51. The decrease in supplies and services is mainly due to lower motor vehicle purchases and lower operating expenses in 2015-16.
52. The increase in borrowings is due to higher borrowings required for the purchase of motor vehicles in 2015-16.

Statutory body

Queensland Building and Construction Commission

Overview

The Queensland Building and Construction Commission (QBCC) is a statutory body established under the *Queensland Building and Construction Commission Act 1991*.

The QBCC provides consumers and contractors with information and advice about the building process and its services in dispute prevention, resolution services, contractor licensing, payment adjudication, internal review and remedies for defective building work. Responsibilities also include administering the Queensland Home Warranty Scheme, regulating the building industry licensing system that includes compliance and enforcement activities, and administering the *Building and Construction Industry Payments Act 2004*, the *Subcontractors' Charges Act 1974* and the *Domestic Building Contracts Act 2000*.

The QBCC's objectives include:

- ensuring maintenance of proper building standards and promoting confidence in the building and construction industry
- improving service quality, frontline services and making it easier for customers to access QBCC's services and information
- communicating and creating awareness of the QBCC and its services
- delivering reforms to provide a more equitable building and construction industry, with reduced regulatory burden, through contract reform, review of licensing requirements and legislative amendments
- empowering the QBCC workforce by providing quality leadership and culture that guides, rewards and develops the workforce in a safe and secure working environment, while making it easier for people to do their jobs.

Key factors impacting on the QBCC include trends in building activity, emerging construction methods, technological advances and non-conforming products.

The QBCC is integral to promoting confidence and reducing regulatory burden in the building and construction industry, a key contributor to the Queensland economy. Accordingly, the QBCC contributes to the Queensland Government's objectives for the community:

- delivering quality frontline services
- creating jobs and a diverse economy.

The Government's objectives for the community, integrity, accountability and consultation also underpin the work of the QBCC.

Service performance

In 2014–15, the QBCC implemented a range of service improvements for customers, including:

- revitalised online and frontline services to deliver high-quality customer service by providing 24/7 call centre services and improvements to the QBCC website
- introduced an early dispute resolution service in order to reduce timeframes to resolve building disputes
- established a formal internal review mechanism for administrative decisions, thereby providing both partners to a contract with less costly, more efficient options
- published a Guide to Standards and Tolerances Handbook
- provided a 'one stop shop' thereby reducing the number of licenses required by contractors holding both QBCC and also plumbing, drainage and pool inspection licenses, by transferring the functions for plumbing, drainage and pool inspection licensing from the Department of Housing and Public Works to the QBCC
- introduced a more focussed and proactive enforcement regime to increase industry compliance
- reduced licensing timeframes and the financial legislative burden for contractors.

In 2015–16, the QBCC will deliver improved services to customers by:

- implementing reform of domestic building contracts, reviewing licensing requirements and ensuring more accountability by professionals who provide advice and plans
- implementing reforms to the Queensland Home Warranty Scheme
- communicating awareness of *Building and Construction Industry Payments Act 2004* reforms which will deliver improved payment outcomes, making a fairer and more equitable building and construction industry
- adopting best practice models of customer-centric service delivery, implementing process improvements for all services using customer-based design methodologies
- making it simpler and easier for customers to access frontline services and information by introducing a wide range of digital SmartForms, mobile applications and website improvements
- communicating awareness of the QBCC and its services with the implementation of the annual marketing strategy, continually updating, refreshing and promoting home owner education videos and using social media as an effective method of listening to and engaging with our customers
- further improving the organisational structure and leadership to accommodate delivery of expanded services and improved service delivery
- empowering the workforce by ensuring staff have the appropriate delegated authorities, and making it simpler and easier to better deliver services to customers by continuing the task of streamlining and making processes and procedures more effective and efficient with technology, including implementation of new platforms for knowledge management and single service delivery
- implementing a business efficiency program to reduce operating expenses, reviewing investment strategies and exploring additional revenue opportunities
- focusing on supply chain management, innovation and best practice to deliver quality services.

Service performance

Performance statement

Queensland Building and Construction Commission

Service area objective

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

Service area description

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

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

Queensland Building and Construction Commission	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Service area: Queensland Building and Construction Commission				
Service standards				
<i>Effectiveness measures</i>				
Overall customer satisfaction	1	85%	86%	85%
<i>Efficiency measures</i>				
Percentage of early dispute resolution cases finalised within 28 days	2, 3, 4	90%	85%	90%
Average number of days to process licence applications	2, 5, 6	35 days	30 days	25 days
Percentage of owner builder permits approved within 15 working days	2, 7	New measure	New measure	90%
Percentage of adjudication applications referred to an adjudicator within 4 days	2, 8	New measure	New measure	95%
Percentage of insurance claims for defective work assessed and response provided within 35 business days	2, 9	New measure	New measure	90%
Percentage of internal review applicants contacted within 2 business days	2, 10	New measure	New measure	90%

Notes:

1. This service standard has been amended to clarify the service standard measures overall customer satisfaction of QBCC's customers, who are either licensees or consumers who are building or renovating homes and have sought information or used the services of the QBCC. The methodology remains the same.
2. The timeframe set out in this service standard is not a regulated or legislated timeframe. The QBCC sets these timeframes to drive business improvements.

3. The wording of this service standard has been amended from 'percentage of complaints finalised within 28 days'. The methodology remains unchanged. Variance between 2014-15 Target/Estimate and 2014-15 Estimated Actual is due to a small number of case files impacting on results, where delivery of high level customer service involved longer negotiation with parties.
4. Variance between 2014-15 Estimated Actual and 2015-16 Target/Estimate is due to continuing efforts to make processes more streamlined and efficient for this new service that has only been offered by QBCC since 1 July 2014.
5. Variance between 2014-15 Target/Estimate and 2014-15 Estimated Actual is due to changes in legislation relating to licensing requirements for financial information provided by applicants when renewing a licence, as well as improvements in the QBCC's business processes.
6. Variance between 2014-15 Estimated Actual and 2015-16 Target/Estimate is due the benefit of changes to legislation and business process improvements during 2014-15, which will be fully realised and improved further as other enhancements are made to the licence application process during 2015-16.
7. This is a new service standard measuring the efficiency of owner builder applications approved within 15 working days.
8. This is a new service standard measuring the efficiency of referrals of adjudication applications to adjudicators achieved within four working days.
9. This is a new service standard measuring the efficiency of insurance claims for defective work assessed and responded to within 35 business days.
10. This is a new service standard measuring efficiency of internal review applicants being contacted within two business days.

Staffing¹

Queensland Building and Construction Commission	Notes	2014-15 Adjusted Budget	2014-15 Est. Actual	2015-16 Budget
Queensland Building and Construction Commission	2, 3	370	395	377

Notes:

1. FTEs as at 30 June.
2. Variance between 2014-15 Adjusted Budget and 2014-15 Estimated Actual is due to one new FTE position, a Workplace Health and Safety Advisor and 24 FTEs transferred from Building Codes Queensland due to machinery-of-government changes transferring plumbing industry and pool safety regulatory responsibilities, functions and resourcing.
3. Variance between 2014-15 Estimated Actual and 2015-16 Budget is due to business efficiencies achieved through improvements in the delivery of frontline services. Improvements include making it easier and simpler for QBCC customers to access information and services through QBCC's customer-friendly website and increasing the suite of online SmartForms for customers to lodge applications, enabling customers to track progress of their applications online. It is expected the reduction in staffing levels will result from natural attrition.

Discontinued measures

Performance measures included in the 2014-15 service delivery statements that have been discontinued or replaced are reported in the following table with estimated actual results. For those measures which are being discontinued from the service delivery statement because they do not demonstrate the effectiveness or efficiency of services, please refer to the Notes below for further information about where these measures will continue to be reported.

Queensland Building and Construction Commission	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Service standards				
Average number of days to process licence renewal applications:				
Category 1 - 3 licensees	1	25 days	20 days	Discontinued measure
Category 4 - 8 licensees	1	50 days	40 days	Discontinued measure

Note:

1. These service standards have been discontinued as data collection ceased from 30 September 2014 due to changes in business processing of licence renewals, as a consequence of legislative changes which came into effect from 1 October 2014. The 2014-15 Estimated Actual is as at 30 September 2014. The legislative changes include Board Policy and the Minimum Financial Requirements, applicable to all categories 1-8 licensees, who are no longer required to comply with the former policy and the Financial Requirements for Licensing. This means renewal applications are approved simultaneously upon lodgement of the renewal payment, in a combined and seamless process without taking days to process renewal applications.

Income statement

Queensland Building and Construction Commission	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
INCOME				
Taxes		..	..	..
User charges and fees	5,11	116,574	123,701	145,526
Grants and other contributions		..	..	..
Interest		12,759	13,637	13,535
Other revenue	1,6	60,975	71,422	77,167
Gains on sale/revaluation of assets		13	(9)	15
Total income		190,321	208,751	236,243
EXPENSES				
Employee expenses	7,12	38,280	38,761	42,731
Supplies and services	2,8,13	23,799	27,882	32,431
Grants and subsidies		..	..	..
Depreciation and amortisation	3,9,14	1,750	2,070	3,098
Finance/borrowing costs		..	..	..
Other expenses	4,10,15	95,420	112,128	119,560
Losses on sale/revaluation of assets		27,915	22,987	37,325
Total expenses		187,164	203,828	235,145
OPERATING SURPLUS/(DEFICIT)		3,157	4,923	1,098

Balance sheet

Queensland Building and Construction Commission	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CURRENT ASSETS				
Cash assets		5,305	5,505	5,305
Receivables	16,23	50,181	63,992	68,305
Other financial assets		194,580	195,958	211,372
Inventories		..	..	..
Other	24,30	25,087	26,153	35,641
Non financial assets held for sale		..	..	..
Total current assets		275,153	291,608	320,623
NON-CURRENT ASSETS				
Receivables		118,678	111,398	116,336
Other financial assets		..	..	..
Property, plant and equipment	17,31	5,410	4,837	5,438
Intangibles	18,32	5,431	4,870	5,695
Other	25,33	138	138	66
Total non-current assets		129,657	121,243	127,535
TOTAL ASSETS		404,810	412,851	448,158
CURRENT LIABILITIES				
Payables	19	41,573	37,510	40,745
Accrued employee benefits	26,34	4,298	4,368	5,039
Interest bearing liabilities and derivatives		..	..	..
Provisions	20,27	45,851	54,043	53,940
Other	21,28,35	35,191	42,803	61,127
Total current liabilities		126,913	138,724	160,851
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits	22	4,039	4,806	4,417
Interest bearing liabilities and derivatives		..	..	..
Provisions		203,303	193,800	206,557
Other	29,36	320	321	35
Total non-current liabilities		207,662	198,927	211,009
TOTAL LIABILITIES		334,575	337,651	371,860
NET ASSETS/(LIABILITIES)		70,235	75,200	76,298
EQUITY				
TOTAL EQUITY		70,235	75,200	76,298

Cash flow statement

Queensland Building and Construction Commission	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges and fees	45,53	87,218	86,659	121,916
Grants and other contributions		..	..	..
Interest received		175	220	175
Taxes		..	..	..
Other	37,46	57,218	73,763	72,550
Outflows:				
Employee costs	47,54	(37,021)	(37,966)	(42,449)
Supplies and services	38,48,55	(27,159)	(34,061)	(40,560)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other	39,49,56	(83,643)	(96,177)	(105,220)
Net cash provided by or used in operating activities		(3,212)	(7,562)	6,412
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non financial assets	40,50,57	207	347	148
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for non financial assets	41,51,58	(2,930)	(2,102)	(4,657)
Payments for investments	42,52	(10,955)	(2,293)	(2,103)
Loans and advances made		..	..	..
Net cash provided by or used in investing activities		(13,678)	(4,048)	(6,612)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections	43,59	..	887	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by or used in financing activities		..	887	..
Net increase/(decrease) in cash held		(16,890)	(10,723)	(200)
Cash at the beginning of financial year		22,195	14,233	5,505
Cash transfers from restructure	44,60	..	1,995	..
Cash at the end of financial year		5,305	5,505	5,305

Explanation of variances in the financial statements

Income statement

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

1. The increase in other revenue is due to a higher provision for the reinsurers' share of future claims as the activity in the building industry has increased.
2. The increase in supplies and services are due to the implementation of service delivery initiatives aimed at raising community awareness of construction related matters and delivering more efficient services for employees and to the community, including funding the Australian Building Codes Board initiative.
3. The increase in depreciation and amortisation is due to the replacement of ageing software progressively over the period.
4. The increase in other expenses is due to increased allowance for future claims and the reinsurers' share of premium as the activity in the building industry has increased.

Major variations between 2014-15 Budget and 2015-16 Budget include:

5. The increase in user charges is due to an anticipated increase in premiums issued due to the activity in the building industry.
6. The increase in other revenue is due to increased allowance for future claims and therefore increase the reinsurers' share of claims as the activity in the building industry has increased.
7. The increase in employee expenses is due to the increase in staff numbers for most of 2015-16 before a reduction in staff numbers due to natural attrition and can be sustained because of business efficiencies.
8. The increase in supplies and services are due to the implementation of service delivery initiatives aimed at raising community awareness of construction related matters and delivering more efficient services for employees and to the community, including funding the Australian Building Codes Board initiative.
9. The increase in depreciation and amortisation is due to the replacement of ageing software progressively over the period.
10. The increase in other expenses is due to increased allowance for future claims and the reinsurers' share of premium as the activity in the building industry has increased.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

11. The increase in user charges is due to an anticipated increase in premiums issued due to the activity in the building industry.
12. The increase in employee expenses is due to the increase in staff numbers for most of 2015-16 before a reduction in staff numbers due to natural attrition and can be sustained because of business efficiencies.
13. The increase in supplies and services are due to the implementation of service delivery initiatives aimed at raising community awareness of construction related matters and delivering more efficient services for employees and to the community, including funding the Australian Building Codes Board initiative.
14. The increase in depreciation and amortisation is due to the replacement of ageing software progressively over the period.
15. The increase in other expenses is due to increased allowance for future claims and the reinsurers' share of premium as the activity in the building industry has increased.

Balance sheet

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

16. The increase in receivable is due to the higher activity in the building industry producing a need to have a higher reinsurers' share of future claims and an increase in recovery receivables due to the closure of a large claim.
17. The decrease in property, plant & equipment is due to the ageing leasehold improvements across the QBCC's offices
18. The decrease in intangible assets is due to the decision to redefine the organisation's software requirements with the view to improve customer service to the community.

19. The decrease in payables is due to a lower amount of approved claims outstanding due the closure of a large case.
20. The increase in provisions is due to higher activity in the building industry resulting in the current provision for future claims to increase.
21. The increase in other current liabilities is due to the introduction of three year licence renewals and multi-year renewals for plumbers and drainers creating a higher unearned revenue liability. The increase in insurance premiums also impact the unearned revenue liability.
22. The increase in accrued employee benefits is due to the increase in staff numbers.

Major variations between 2014-15 Budget and 2015-16 Budget include:

23. The increase in receivable is due to higher activity in the building industry producing a need to have a higher reinsurers' share of future claims.
24. The increase in other current assets is due to higher activity in the building industry resulting in the reinsurers' share of unearned revenue to increase.
25. The decrease in Other Non-Current Assets is due to a reducing asset for leasehold restoration for the Brisbane office paid in advance.
26. The increase in Accrued Employee Benefits is due to the increase in staff numbers and pay increases.
27. The increase in provisions is due to higher activity in the building industry resulting in the current provision for future claim to increase.
28. The increase in other current liabilities is due to the introduction of three year licence renewals and multi-year renewals for plumbers and drainers creating a higher unearned revenue liability. The increase in insurance premiums also impact the unearned revenue liability.
29. The decrease in other non-current liabilities is due to the recognition of lease incentives for offices over the terms of the leases.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

30. The increase in other current assets is due to higher activity in the building industry resulting in the reinsurers' share of unearned revenue to increase.
31. The increase in property, plant & equipment is due to leasehold improvements in two of the QBCC's regional offices to improve access for customers.
32. The increase in intangible assets is due to the proposed delivery of software to improve customer service to the community and streamline internal processes.
33. The decrease in other non-current Assets is due to a reducing asset for leasehold restoration for the Brisbane office paid in advance.
34. The increase in accrued employee benefits is due to the increase in staff numbers and pay increases.
35. The increase in other current liabilities is due to the introduction of three year licence renewals and multi-year renewals for plumbers and drainers creating a higher unearned revenue liability. The increase in insurance premiums also impact the unearned revenue liability.
36. The decrease in other non-current Liabilities is due to the recognition of lease incentives for offices over the terms of the leases.

Cash flow statement

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

37. The increase in other inflows is due to the higher activity in the building industry producing a need to have a higher reinsurers' share of future claims and an increase in recovery receivables due to the closure of a large claim.
38. The increase in supplies and services is due to the increase in unearned revenue due to the increased activity in the building industry and well as the increase in the expenses for implementation of service delivery.
39. The increase in other outflows is due to increased allowance for future claims as the activity in the building industry has increased.
40. The increase in sales of non-financial assets is due to the number of motor vehicles being rotated as part of the fleet replacement policy.

41. The decrease in payments for non-financial assets is due to the decision to redefine the organisation's software requirements to improve customer service to the community.
42. The decrease in payments for investment is due to the reallocation from a cash account to a investment account which occurred prior to the 2014-15 year.
43. The increase in the equity injection is due to the machinery of government change to transfer plumbing and pools to the QBCC.
44. The increase in cash transfers from restructure is from the Machinery of Government transition of plumbing and pools to the QBCC.

Major variations between 2014-15 Budget and 2015-16 Budget include:

45. The increase in user charges and fees is due to the higher activity in the building industry producing more premium income and unearned premium revenue.
46. The increase in other inflows is due to the higher activity in the building industry producing a need to have a higher reinsurers' share of future claims and an increase in recovery receivables due to the closure of a large claim.
47. The increase in employee cost is due to the increase in staff numbers for most of 2015-16 before a reduction in staff numbers due to natural attrition and can be sustained because of business efficiencies.
48. The increase in supplies and services is due to the increase in unearned revenue due to the increased activity in the building industry and well as the increase in the expenses for implementation of service delivery.
49. The increase in other outflows is due to increased allowance for future claims as the activity in the building industry has increased.
50. The decrease in sales of non-financial assets is due to the number of motor vehicles being rotated as part of the fleet replacement policy.
51. The increase in payment for non-financial assets is due to the spend on leasehold improvements for relocate two regional offices to improve customer access.
52. The decrease in payments for investment is due to the reallocation from a cash account to a investment account which occurred prior to the 2014-15 year.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

53. The increase in user charges and fees is due to the higher activity in the building industry producing more premium income and unearned premium revenue.
54. The increase in employee cost is due to the increase in staff numbers for most of 2015-16 before a reduction in staff numbers due to natural attrition and can be sustained because of business efficiencies.
55. The increase in supplies and services is due to the increase in unearned revenue due to the increased activity in the building industry and well as the increase in the expenses for implementation of service delivery.
56. The increase in other outflows is due to increased allowance for future claims as the activity in the building industry has increased.
57. The decrease in sales of non-financial assets is due to the number of motor vehicles being rotated as part of the fleet replacement policy.
58. The increase in payment for non-financial assets is due to the spend on leasehold improvements for relocate two regional offices to improve customer access.
59. The decrease in the equity injection is due to the once of injection from the machinery of government change to transfer plumbing and pools to the QBCC.
60. The decrease in the cash transfers from restructure is due to the once of injection from the Machinery of Government change to transfer plumbing and pools to the QBCC.

Statutory body

Residential Tenancies Authority

Overview

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

The RTA administers the RTRA Act which regulates the residential rental sector in Queensland. The RTA is self-funded from the earnings on the investment of rental bonds lodged with the organisation. The RTA's objectives include:

- deliver effective and efficient client services
- understand and meet clients' evolving needs
- inform and educate the residential tenancy sector about their rights and responsibilities
- lead, support and consult with the sector and undertake research and policy development
- improve organisational effectiveness and efficiency to enhance service delivery capability
- remain accountable and maintain financial sustainability.

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

Service performance

The RTA is dependent on investment returns to fund operations. Due to falling interest rates and a downturn in the global economy, projected rates of return in 2014–15 were lower than anticipated.

The RTA will continue to ensure effective investment strategies and prudent financial management. The RTA has forecast reduced rates of return in 2015–16.

During 2014-15, the RTA:

- implemented a first point of contact strategy designed to improve client service and achieve industry benchmarks
- handled 5,800 enquires through a client support initiative designed to assist all clients to self resolve tenancy related disagreements
- recorded 2 million (an 11% increase since 2013-14) website visits
- received 26,000 requests for dispute resolution and maintained the resolution rate of 80% where parties participated in the dispute resolution process
- processed a total of 760,000 bond lodgements or bond refunds or change to bond arrangement forms.

In 2015–16, the RTA will:

- provide \$5 million to the Department of Housing and Public Works for social housing programs
- continue progressing a program of work aimed at transforming business systems and processes to ensure the RTA continues to deliver responsive and integrated client services
- engage with the sector about the legislative review of the RTRA Act including public consultation on prescribing minimum standards
- progress legislative amendments to ensure Queensland meets minimum standards around tenancy database listings.

Service performance

Performance statement

Residential Tenancies Authority

Service area objective

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

Service area description

Services delivered by the RTA include rental bond management, tenancy information and education, dispute resolution, investigation and prosecution of offences under the *Residential Tenancies and Rooming Accommodation Act 2008*, monitoring sector data, conducting industry research and providing policy advice to Government about the residential rental sector. The RTA assists tenants, lessors, agents, residents and accommodation providers in houses, flats, caravans and rooming accommodation.

Residential Tenancies Authority	Notes	2014-15 Target/Est.	2014-15 Est. Actual	2015-16 Target/Est.
Service area: Residential Tenancies Authority				
Service standards				
<i>Effectiveness measures</i>				
Proportion of disputes lodged resolved after parties participated in conciliation process		80%	80%	80%
Investigations resolved as a proportion of all investigations finalised (where the RTRA Act applies)	1	90%	95%	90%
<i>Efficiency measures</i>				
Average annual return on investment	2, 3	4.9%	3.2%	4.0%
Total cost for RTA output (excluding grants) as a proportion of the value of bonds held	4, 5	4.3%	4.0%	4.5%

Notes:

- The wording of this measure has been amended to clarify the measure is the proportion of investigations resolved when the investigation has commenced (where the *Residential Tenancies and Rooming Accommodation Act 2008* applies) and there was an outcome. The amended wording does not change the purpose of the service standard and the methodology remains the same. Variance between the 2014-15 Target/Estimate and the 2014-15 Estimated Actual is due to more effective use of resources by reallocating staff and budget and introducing in-house legal expertise combined with enhanced quality control measures.
- Variance between the 2014-15 Target/Estimate and the 2014-15 Estimated Actual is due to lower than projected returns due to subdued Australian and global growth outlook, benign interest rate environments and lower than expected investment performance.
- Variance between the 2014-15 Estimated Actual and the 2015-16 Target/Estimate is based on Queensland Investment Corporation projected likely returns due to Australian and global growth and interest rate environment.
- Variance between the 2014-15 Target/Estimate and the 2014-15 Estimated Actual is due to savings from deferred projects.
- Variance between the 2014-15 Target/Estimate and the 2015-16 Target/Estimate is due to lower bond deposits than in previous years combined with increased costs due to greater non-recurrent expenditure arising from the planned implementation of the new business system.

Staffing¹

Residential Tenancies Authority	Notes	2014-15 Adjusted Budget	2014-15 Est. Actual	2015-16 Budget
Residential Tenancies Authority	2, 3	206	202	209

Notes:

1. FTEs as at 30 June.
2. Variance between the 2014-15 Adjusted Budget and the 2014-15 Estimated Actual is due to vacant positions filled temporarily by agency staff.
3. Variance between the 2014-15 Adjusted Budget and the 2015-16 Budget is the result of increasing demand for client service.

Income statement

Residential Tenancies Authority	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
INCOME				
Taxes		..	..	..
User charges and fees		..	..	..
Grants and other contributions		..	..	..
Interest	1,5,8	37,742	25,291	31,047
Other revenue		..	..	..
Gains on sale/revaluation of assets		..	..	..
Total income		37,742	25,291	31,047
EXPENSES				
Employee expenses	2,6,9	18,723	16,788	20,398
Supplies and services	3	13,125	13,023	13,082
Grants and subsidies	4,10	5,182	2,595	5,000
Depreciation and amortisation	7,11	607	529	1,293
Finance/borrowing costs		..	..	..
Other expenses		33	120	144
Losses on sale/revaluation of assets		72	24	80
Total expenses		37,742	33,079	39,997
OPERATING SURPLUS/(DEFICIT)	12	..	(7,788)	(8,950)

Balance sheet

Residential Tenancies Authority	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CURRENT ASSETS				
Cash assets	13,17,23	50,581	44,180	31,383
Receivables	18	1,239	632	471
Other financial assets	14,19,24	750,531	741,111	777,493
Inventories		..	..	..
Other		285	623	380
Non financial assets held for sale		..	..	..
Total current assets		802,636	786,546	809,727
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	20	1,813	1,472	1,093
Intangibles	15,25	15,043	7,522	15,128
Other		..	..	..
Total non-current assets		16,856	8,994	16,221
TOTAL ASSETS		819,492	795,540	825,948
CURRENT LIABILITIES				
Payables	16,21,26	751,531	736,865	776,418
Accrued employee benefits	22	1,089	2,597	2,597
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total current liabilities		752,620	739,462	779,015
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		1,728	1,271	1,076
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		1,891	..	..
Total non-current liabilities		3,619	1,271	1,076
TOTAL LIABILITIES		756,239	740,733	780,091
NET ASSETS/(LIABILITIES)		63,253	54,807	45,857
EQUITY				
TOTAL EQUITY		63,253	54,807	45,857

Cash flow statement

Residential Tenancies Authority	Notes	2014-15 Budget \$'000	2014-15 Est. Act. \$'000	2015-16 Budget \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
User charges and fees		(127)	129	(91)
Grants and other contributions		..	..	..
Interest received	27,32,37	37,677	25,443	31,193
Taxes		..	..	..
Other		69	(179)	26
Outflows:				
Employee costs	33,38	(18,641)	(16,243)	(20,593)
Supplies and services		(13,132)	(13,194)	(12,839)
Grants and subsidies	28,39	(5,182)	(2,595)	(5,000)
Borrowing costs		..	..	..
Other	29,34	21,057	3,842	39,409
Net cash provided by or used in operating activities		21,721	(2,797)	32,105
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of non financial assets		(25)	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for non financial assets	30,35,40	(11,977)	(4,116)	(8,520)
Payments for investments	31,36,41	(21,584)	(7,016)	(36,382)
Loans and advances made		..	..	..
Net cash provided by or used in investing activities		(33,586)	(11,132)	(44,902)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by or used in financing activities		..	..	..
Net increase/(decrease) in cash held		(11,865)	(13,929)	(12,797)
Cash at the beginning of financial year		62,446	58,109	44,180
Cash transfers from restructure		..	..	..
Cash at the end of financial year		50,581	44,180	31,383

Explanation of variances in the financial statements

Income statement

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

1. Decrease in interest is due to lower than expected return on investments.
2. Decrease in employee expenses is due to current staff vacancies being filled by agency staff.
3. An increase in payments to employment agencies has been offset by a reduction in contractor and consultant expenses associated to the development costs of the enterprise wide myRTA transformation program.
4. Reduction in grants to the Department of Housing and Public Works.

Major variations between 2014-15 Budget and 2015-16 Budget include:

5. Decrease in interest is due to lower expected return on investments.
6. Increase in employee expenses is due to filling vacant positions, increased front line staff and completion of the capitalisation of the systems development costs of the enterprise wide myRTA transformation program.
7. Increase in depreciation and amortisation is due to commencement of amortisation for capitalised systems development costs.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

8. Increase in interest is due to higher than expected return on investments.
9. Increase in employee expenses is due to filling vacant positions and increased front line staff.
10. Increase in grants to the Department of Housing and Public Works.
11. Increase in depreciation and amortisation is due to commencement of amortisation for capitalised systems development costs.
12. Deficit is due to lower return on investments and expenditure on the systems development costs of the enterprise wide myRTA transformation program.

Balance sheet

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

13. Decrease in cash assets is due to the operating deficit in 2014-15.
14. Decrease in other financial assets is due to revised estimates in the growth in rental bond holdings and subsequent value of investments.
15. Decrease in intangibles is due to revised estimates for the timing of the capitalisation of the systems development costs of the enterprise wide myRTA transformation program.
16. Decrease in payables is due to revised estimates in the growth in rental bond holdings.

Major variations between 2014-15 Budget and 2015-16 Budget include:

17. Decrease in cash assets is due to the operating deficits in 2014-15 and 2015-16.
18. Decrease in receivables is due to a lower estimate of investment interest receivable.
19. Increase in other financial assets is due to revised estimates in the growth in rental bond holdings and subsequent value of investments.
20. Decrease in property, plant and equipment is due to a revised estimate of expenditure on computer equipment.
21. Increase in payables is due to revised estimates in the growth in rental bond holdings.
22. Increase in accrued employee benefits is due to revised estimate of annual leave and long service leave entitlements.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

23. Decrease in cash assets is due to the forecast operating deficit in 2015-16.

24. Increase in other financial assets is due to revised estimates in the growth in rental bond holdings and subsequent value of investments.
25. Increase in intangibles is due to revised timing for systems development capitalisation.
26. Increase in payables is due to the growth in rental bond holdings.

Cash flow statement

Major variations between 2014-15 Budget and 2014-15 Estimated Actual include:

27. Decrease in interest received is due to lower than expected return on investments.
28. Decrease in grants to the Department of Housing and Public Works.
29. Decrease in other outflows is due to revised estimates in rental bond holdings.
30. Decrease in payments for non-financial assets is due to revised estimates for the timing of the capitalisation of the systems development costs of the enterprise wide myRTA transformation program.
31. Decrease in payments for investments is due to revised estimates in the growth in rental bond holdings and subsequent value of investments.

Major variations between 2014-15 Budget and 2015-16 Budget include:

32. Decrease in interest received is due to lower return on investments.
33. Increase in employee expenses is due to filling vacant positions, increased front line staff and completion of the capitalisation of systems development costs.
34. Increase in other outflows is due to revised estimates in rental bond holdings.
35. Increase in payments for non-financial assets is due to revised estimates for the timing of the capitalisation of the systems development costs of the enterprise wide myRTA transformation program.
36. Increase in payments for investments is due to revised estimates in the growth in rental bond holdings and subsequent value of investments.

Major variations between 2014-15 Estimated Actual and the 2015-16 Budget include:

37. Increase in interest received is due to increase in forecast return on investments.
38. Increase in employee costs is due to filling vacant positions and increased front line staff to perform functions associated with client service, disputes resolution and rental bond services.
39. Increase in grants to the Department of Housing and Public Works.
40. Increase in payments for non-financial assets is due to transfer of capitalised systems development cost from work in progress to capital additions.
41. Increase in payments for investments is due to revised estimates in the growth in rental bond holdings and subsequent value of investments.

Glossary of terms

Accrual accounting	Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, rather than when a flow of cash occurs.
Administered items	Assets, liabilities, revenues and expenses an entity administers, without discretion, on behalf of the Government.
Agency/entity	Used generically to refer to the various organisational units within Government that deliver services or otherwise service Government objectives. The term can include departments, commercialised business units, statutory bodies or other organisations established by Executive decision.
Appropriation	Funds issued by the Treasurer, under Parliamentary authority, to agencies during a financial year for: delivery of agreed services administered items adjustment of the Government's equity in agencies, including acquiring of capital.
Balance sheet	A financial statement that reports the assets, liabilities and equity of an entity as at a particular date.
Capital	A term used to refer to an entity's stock of assets and the capital grants it makes to other agencies. Assets include property, plant and equipment, intangible items and inventories that an entity owns/controls and uses in the delivery of services.
Cash Flow Statement	A financial statement reporting the cash inflows and outflows for an entity's operating, investing and financing activities in a particular period.
Controlled Items	Assets, liabilities, revenues and expenses that are controlled by departments. These relate directly to the departmental operational objectives and arise at the discretion and direction of that department.
Depreciation	The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a specified time.
Equity	Equity is the residual interest in the assets of the entity after deduction of its liabilities. It usually comprises the entity's accumulated surpluses/losses, capital injections and any reserves.
Equity injection	An increase in the investment of the Government in a public sector agency.
Financial statements	Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement for an entity's controlled and administered activities.

Income statement	A financial statement highlighting the accounting surplus or deficit of an entity. It provides an indication of whether the entity has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation.
Machinery-of-government	The redistribution of the public business of one government agency to another government agency. Also referred to as MoG.
Outcomes	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.
Own-source revenue	Revenue that is generated by an agency, generally through the sale of goods and services, but it may also include some Commonwealth funding.
Priorities	Key policy areas that will be the focus of Government activity.
Services	The actions or activities (including policy development) of an agency which contribute to the achievement of the agency's objectives.

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

