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2003-04



Deputy Premier, Treasurer and Minister for Sport

Ministerial Portfolio Statements

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2. Budget Strategy and Outlook

3. Capital Statement

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Appropriation Bills

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The Ministerial Portfolio Statements (MPS) documents are the primary source of information for the hearings of the Parliamentary Estimates Committees. These hearings examine the funding provided in the State Budget to each Ministerial portfolio, and take place following the presentation of the Budget. The MPS documents are also used by Members of Parliament, the media, the public and other interested parties for obtaining information on key strategies and prospective outcomes, and financial performance, of individual Queensland Government agencies in 2003-04.

The MPS documents are forward-looking in their focus and provide predominantly budgeted financial and non-financial information for the new financial year. In this way, they complement agency annual reports, which document actual performance (including audited financial statements) for the financial year just completed.

Given the timing of the 2003-04 Budget, final information about actual financial and non-financial performance is not yet available for the 2002-03 financial year. Therefore, an estimate of performance ("estimated actual") for 2002-03 is shown throughout the MPS documents.

This document forms part of the 2003-04 Budget Papers. It is one of a series of 20 Statements for each of the 19 Ministerial Portfolios and the Legislative Assembly.

The Ministerial Portfolio Statements are on sale through Goprint, ph (07) 3246 3399 individually or as a set, or accessed through the Internet at www.budget.qld.gov.au

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Ministerial Portfolio Statements

Deputy Premier, Treasurer and Minister for Sport

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MINISTERIAL PORTFOLIO STATEMENTS
2003-04 STATE BUDGET

**This Ministerial Portfolio Statement includes the
following Departments and Agencies:**

TREASURY DEPARTMENT

**MOTOR ACCIDENT INSURANCE COMMISSION
NOMINAL DEFENDANT**

SPORT AND RECREATION QUEENSLAND

TABLE OF CONTENTS

TREASURY DEPARTMENT

Departmental Overview	1-1
Output Performance:	
Financial and Economic Policy	1-9
GOC Performance and Governance	1-14
Economic and Statistical Research	1-18
Taxation	1-23
Gambling	1-28
Superannuation	1-32
Shared Service Implementation	1-36
Administered Items	1-40
Capital Acquisitions	1-41
Financial Statements	1-44
Reconciliation of Appropriation Amounts to the Financial Statements	1-54

STATUTORY BODY

Motor Accident Insurance Commission/Nominal Defendant	2-1
--	------------

SPORT AND RECREATION QUEENSLAND	3-1
--	------------

APPENDIX - Glossary of Terms	
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MINISTERIAL PORTFOLIO STATEMENTS

2003-04 STATE BUDGET

DEPUTY PREMIER, TREASURER AND MINISTER FOR SPORT

TREASURY DEPARTMENT

**Hon. Terry Mackenroth MP
Deputy Premier, Treasurer
and Minister for Sport**

**Gerard Bradley
Under Treasurer**

DEPARTMENTAL OVERVIEW

STRATEGIC ISSUES

Treasury provides policies, strategies and financial services to assist the Government in achieving sustainable economic outcomes and fiscal strength for Queensland, a role that will position the Government to meet the fiscal objectives and key priorities outlined in the *Charter of Social and Fiscal Responsibility*.

This role connects Treasury with stakeholders including all Queensland Government agencies, other levels of government, business and communities across the State.

Key priorities for Treasury are:

- developing and monitoring the State Budget and whole-of-Government strategies to achieve the Government's priorities and improve performance of the Queensland economy to support growth and employment
- achieving simple, efficient and equitable revenue management services for State taxes and grant and subsidy schemes
- providing public sector superannuation arrangements that incorporate expert policy advice and competitive products and services to enhance member benefits
- managing the Government's shareholding interests in Government Owned Corporations (GOCs) to maximise shareholder returns, build shareholder value and ensure appropriate corporate governance in GOCs
- maintaining gambling industry integrity, probity of its participants, and developing responsible gambling policy
- co-ordinating of whole-of-Government statistical and research projects to enhance the evidence base for planning, decision making, policy development, resource allocation and performance measurement and
- leading and supporting the delivery of the whole-of-Government outcomes for the Government's Shared Service Initiative.

2003-04 HIGHLIGHTS

Treasury will continue to develop the following initiatives in 2003-04, including:

- continuing to achieve the fiscal principles in the *Charter of Social and Fiscal Responsibility* and build awareness of the risks and influences affecting Queensland's fiscal position
- participation in the Commonwealth Grants Commission 2004 Review of State Relativities
- provision of \$8.5 million in 2003-04 for the Business Systems Replacement project, as the initial stage in the implementation of an Information Technology Strategic Plan (ITSP) for the Taxation output. Implementation of the Plan will achieve a strategic approach to the collection of revenue and payment of subsidies, with the value of approximately \$6 billion in transactions expected per year

- in conjunction with portfolio agencies, undertaking the first stage of strategic assessments of GOCs, focusing on issues such as financial performance benchmarks, operating environment and future direction
- implementation of a gaming machine re-allocation scheme in alignment with the Government imposed, state-wide cap on the number of gaming machines in hotels. The scheme, which was developed in consultation with industry, is based on the permitted creation of tradeable Gaming Machine Authorities and provides an opportunity for hotels to respond to commercial demands within the overall social policy framework of the cap
- implementation of an internet upgrade for Government Superannuation Office to realise efficiencies in services to employees allowing on-line access to member information
- implementation of the Community Ambulance Cover (CAC) by the CAC Implementation Unit established in Treasury, and administration of CAC by the Office of State Revenue
- relocation of five Treasury offices to the 33 Charlotte Street building, consolidating the Brisbane CBD offices from dispersed locations. The project involves the relocation of approximately 940 staff and associated services. The benefits of the relocation will provide the opportunity for achieving business strategies, knowledge sharing and sharing of services and resources and
- whole-of-Government coordination and program management to enable the Shared Service Initiative transition to occur as scheduled. The Shared Service Implementation Office has been established in Treasury to undertake this important task.

In its capacity as manager of the State's finances, Treasury will administer and receipt over \$11 billion in revenue in 2003-04. Treasury will administer grant and subsidy programs totaling approximately \$750 million in 2003-04.

DEPARTMENTAL OUTPUTS

Treasury is a diverse portfolio. Its structure consists of Treasury Office and six portfolio offices, allowing for a dedicated approach to dealing with policy and service delivery issues.

In December 2002, the Office of Energy was transferred to the Department of Innovation, Information Economy, Sport and Recreation Queensland. In February 2003, the Shared Service Implementation Office was established to perform program management and whole-of-Government co-ordination roles for the implementation of the Shared Service Initiative.

The activities of Treasury are strongly linked with the Government's key priorities and strategic governance principles and indicators. Financial and economic advice is provided to the Government to enhance the State's financial position and economic performance, supporting sustainable long-term economic growth.

Treasury assists the Government to manage the State's finances, including the preparation and oversight of the Budget. To support this role, links are created across agencies to better align services and resources with the Government's priorities.

Financial and Economic Policy

This output provides policies, strategies and advice to support the Government's priorities and ensure the State's finances are managed in accordance with the *Charter of Social and*

Fiscal Responsibility. This includes improving the performance of the Queensland economy to support growth and employment.

Delivery of this output includes preparation and monitoring of the State Budget, managing inter-governmental financial relations, developing state taxation policy, developing economic and regulatory policy and responsibilities for whole-of-Government financial management.

GOC Performance and Governance

Treasury, through the Office of Government Owned Corporations, is responsible for managing the State's shareholding relationship with GOCs to maximise shareholder returns, build shareholder value and ensure efficient and effective management through a strong governance regime. This involves a strategic approach to policy development for GOCs, monitoring performance and ensuring compliance with relevant legislation.

This role is co-ordinated with other State Government Ministers and Departments that have shareholding responsibilities.

Economic and Statistical Research

The Office of Economic and Statistical Research coordinates whole-of-Government statistical and research projects. These projects include the collection, collation, interpretation, analysis and dissemination of economic and statistical information, as well as the provision of modelling and research services, and specific information and data management services.

Taxation

The Office of State Revenue delivers and administers revenue management services for State taxes and grant and subsidy schemes. It is also responsible for administering the Community Ambulance Cover Scheme, First Home Owner Grant and Fuel Subsidy schemes and providing revenue policy advice to maintain and improve revenue systems and their administration.

Gambling

The Queensland Office of Gaming Regulation regulates and monitors gambling in Queensland to ensure gambling industry integrity, probity of its participants, and responsible gambling policy. The key role is to maintain the integrity, probity and equity of gambling activities in Queensland while protecting the State's gambling taxes and levies.

Other areas of focus are managing the Community Investment Fund and the Gambling Community Benefit Fund to allocate grants to community organisations and fund gambling help services.

Superannuation

The Government Superannuation Office (GSO) assists the Government and the Trustees to administer the State Public Sector Superannuation Fund (QSuper), the Parliamentary Contributory Superannuation Fund and the pension entitlements of judges. This includes providing policy advice, products, services and administration of legislation relating to the management of superannuation for Queensland Public Sector employees.

The GSO also administers the State Government's long service leave provisions for Queensland Government employees.

Shared Service Implementation

Treasury has established the Shared Service Implementation Office to lead and support the delivery of the whole-of-Government outcomes for the Government's Shared Service Initiative.

This role involves developing and defining the shared service model that will enable its implementation by agencies, shared service providers and the technology centre of skill.

SHARED SERVICE INITIATIVE

The Shared Service Initiative is a whole-of-Government approach to corporate services delivery. The vision is to provide high quality and cost effective corporate support services to multiple customers from centres of excellence. This will be achieved through consolidating corporate service functions in all agencies across Government into five large-scale and two smaller-scale service providers and a technology centre of skill. These providers will be hosted by an existing Government department and provide services to a cluster of client agencies.

The initial establishment of the shared service providers will occur on 1 July 2003. Many corporate services professionals in this agency who provide corporate services functions including finance, human resources (including payroll), and corporate systems support, will transition to the agency's shared service provider or technology centre of skill on this date.

In addition, the assets and liabilities associated with the delivery of corporate services will be transferred to the new providers.

The details of the resources to be transferred are currently being finalised. As a consequence, this Ministerial Portfolio Statement reflects the resourcing arrangements in place prior to the implementation of the Shared Service Initiative, with the exception of the Shared Service Implementation Office, which is included in the Treasury portfolio and is responsible for the new output, Shared Service Implementation.

OUTPUT LINKAGES WITH GOVERNMENT PRIORITIES

Output name	Government Outcome/ Strategic Governance	Government Priority
Financial and Economic Policy	Strategic Governance	All priorities
GOC Performance and Governance	Strategic Governance	All priorities
Economic and Statistical Research	Strategic Governance	All priorities
Taxation	Strategic Governance	All priorities
Gambling	Safe and secure communities	Safer and more supportive communities
Superannuation	Strategic Governance	All priorities
Shared Service Implementation	Strategic Governance	All priorities

DEPARTMENTAL FINANCIAL SUMMARY

	2002-03 Adjusted Budget \$'000	2002-03 Est. Actual \$'000	2003-04 Estimate \$'000
CONTROLLED¹			
Revenue			
Output revenue	104,758	111,235	114,162
Own source revenue	65,602	63,218	70,705
Total revenue²	170,360	174,453	184,867
Total expenses²	170,351	174,445	184,598
Operating result	9	8	269
NET ASSETS	44,886	45,926	48,590
ADMINISTERED¹			
Revenue			
Administered item revenue	1,247,757	1,621,413	1,825,572
Other administered revenue	10,319,733	11,138,529	11,550,864
Total revenue	11,567,490	12,759,942	13,376,436
Expenses			
Transfers of administered revenue to Government	10,313,036	11,131,832	11,544,074
Administered expenses	1,254,102	1,626,495	1,829,956
Total expenses	11,567,138	12,758,327	13,374,030
Notes:			
1. Explanation of variances can be found in the Financial Statements section and Output Statements of Financial Performance.			
2. The 2002-03 Adjusted Budget represents the original 2002-03 Budget adjusted for the 31 December 2002 transfer of the Energy output to the Department of Innovation, Information Economy, Sport and Recreation Queensland.			

APPROPRIATIONS

	2002-03 Adjusted Budget \$'000	2003-04 Estimate \$'000
Controlled Items^{1, 2}		
Departmental Outputs	104,758	114,162
Equity Adjustment	4,500	2,395
Administered Items^{1, 2, 3}	719,577	1,540,312
Vote Total	828,835	1,656,869
Notes:		
1. A reconciliation of appropriations to the Financial Statements follows the Financial Statements.		
2. The 2002-03 Adjusted Budget represents the original 2002-03 Budget adjusted for the 31 December 2002 transfer of the Energy output to the Department of Innovation, Information Economy, Sport and Recreation Queensland.		
3. The increase in the 2003-04 Estimate primarily reflects the full year impact of the recommencement of employer contributions towards beneficiary payments.		

STAFFING

Output/Activity	Notes	2002-03 Est. Actual	2003-04 Estimate
OUTPUTS^{1,2}			
Financial and Economic Policy		266	262
GOC Performance and Governance		25	25
Economic and Statistical Research		104	110
Taxation		366	364
Gambling		228	227
Superannuation		353	345
Shared Service Implementation	3	50	49
Total Outputs		1,392	1,382
ADMINISTERED		..	..
Corporate Services provided to other agencies		9	9
Total		1,401	1,391
Notes: 1. Full-Time Equivalents (FTEs) as at 30 June. 2. Corporate FTEs are allocated across the outputs to which they relate. 3. In addition to these FTEs SSI also reimburses a number of agencies for the salary costs of agency staff working on short-term SSI projects.			

2003-04 OUTPUT SUMMARY

Output	Total Cost \$'000	Sources of Revenue			
		Output Revenue \$'000	User Charges \$'000	C'wealth Revenue \$'000	Other Revenue \$'000
Financial and Economic Policy	39,321	30,966	8,131	..	224
GOC Performance and Governance	2,466	2,455	9	..	2
Economic and Statistical Research	12,007	7,920	4,063	..	24
Taxation	39,728	39,528	172	..	28
Gambling	29,675	16,745	13,195	..	4
Superannuation	49,734	1,064	48,250	..	420
Shared Service Implementation	14,921	14,610	269	..	42
Departmental	187,852	113,288	74,089	..	744
Other¹	1,146	874	235	..	37
Reconciliation Adjustment to Statement of Financial Performance²	(4,400)	..	(4,400)	..	..
Total³	184,598	114,162	69,924	..	781

Notes:

1. The Department provides Corporate Support to the non-Departmental outputs (MAIC/Nominal Defendant). Whilst the associated expenses and revenues are reflected in the Financial Statements, they are not included in the individual Output Statements of Financial Performance. Consequently the sum of the individual Output Statements of Financial Performance does not add to the Departmental Statement of Financial Performance. The 2003-04 Corporate Support Allocation is provided in Attachment 1 to the Departmental Financial Statements.
2. This line item represents eliminations upon consolidation for inter Output/Department trading.
3. This line reconciles to the Statement of Financial Performance where Total Cost is represented by Total Expenses from Ordinary Activities, and Other Revenue represents Grants and Other Contributions and Other Revenue.

OUTPUT PERFORMANCE

OUTPUT: Financial and Economic Policy

DESCRIPTION

Treasury Office delivers the Financial and Economic Policy output, providing policies, strategies and advice at a whole-of-Government level to promote value for money service delivery, managing the State's finances in accordance with the *Charter of Social and Fiscal Responsibility* and advancing the performance of the Queensland economy to support growth and employment.

Activities include:

- developing and monitoring the State Budget and whole-of-Government strategies to achieve the Government's priorities and meet the fiscal principles within the *Charter of Social and Fiscal Responsibility* (the Charter)
- managing the Government's financial assets and liabilities and financial risks and exposures and developing strategies to maintain the State's fiscal principles
- managing inter-governmental financial relations to further Queensland's financial and economic interests
- providing advice on Commonwealth taxes and tax equivalents to Government agencies
- developing State taxation policy including assessing taxation initiatives and taxation expenditure
- developing regulatory policy, overseeing regulatory regimes and managing the implementation of the National Competition Policy
- providing advice on macroeconomic trends and microeconomic policy issues
- developing and facilitating the implementation of financial management improvements across Government
- acting as the Government's commercial adviser in relation to infrastructure provision and the Government's Public Private Partnerships Policy and Value for Money Framework, and managing the Government's risk on major infrastructure projects and
- providing insurance and insurance advice to Government agencies through the Queensland Government Insurance Fund (QGIF).

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- development of the 2003-04 State Budget
- ongoing monitoring and review of the 2002-03 Budget
- completion of the third report of outcomes – the *Priorities in Progress Report 2001-02*, under the Charter

- finalisation of the sale of the Brisbane Markets Corporation
- completion of the seventh annual report to the National Competition Council reporting progress in implementing National Competition Policy Reform
- establishment of a database into which details of all insurable losses and liabilities of all departments are regularly reported
- involvement in the Public Liability Insurance Taskforce and development of group insurance schemes for community groups
- development of the Community Ambulance Cover for implementation by the Office of State Revenue from 1 July
- in conjunction with the Department of State Development, development of comprehensive guidance material which underpins the Government's *Public Private Partnerships Policy - Achieving Value for Money in Public Infrastructure and Service Delivery* and
- participating in the Commonwealth Grants Commission's (CGC) review of methods used to determine the distribution of the Goods and Services Tax (GST). Reviews are conducted over a five-year cycle, with the current review due for completion in February 2004.

Future Developments

During 2003-04, this output will focus on the following key priorities:

- continuing to achieve the fiscal principles in the *Charter of Social and Fiscal Responsibility* and build awareness of the risks and influences affecting Queensland's fiscal position
- further participation in the CGC's 2004 Review to ensure Queensland receives an equitable share of GST funding from 2004-05 to 2008-09
- maintaining the State's net worth and AAA credit rating
- maintaining a sustainable and competitive State tax regime
- managing the State's interests under the *Inter-Governmental Agreement on Reform of Commonwealth – State Financial Relations*
- managing and co-ordinating the State Budget process within agreed timeframes
- monitoring and managing Queensland's financial and social risk exposure by providing advice on key Government issues and major financial assets and liabilities
- continuing to provide commercial and financial advice to the Government on major asset management and infrastructure projects and work with responsible agencies on projects progressed under the Public Private Partnerships Policy and Value for Money Framework
- developing and facilitating strategies to lift the State's sustainable level of economic growth
- providing reliable forecasts for the State economy and
- providing a reinsurance program for Government property and liability risks as part of the management of catastrophic risk at a whole-of-Government level.

OUTPUT STATEMENT

Output: Financial and Economic Policy				
Measures	Notes	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Quantity				
Quarterly budget reports		4	4	4
Monthly monitoring and budget reviews		10	10	10
Quarterly estimates of the cost of departmental insurance losses at a whole-of-Government level		4	4	4
Economic Indicator Briefs	1	New measure	New measure	52
Quality				
Achievement of work plan as agreed with Treasurer		100%	100%	100%
Meeting the requirements of the Government's <i>Charter of Social and Fiscal Responsibility</i>	2	90%	90%	90%
Compliance with the Uniform Presentation Framework requirements		100%	100%	100%
Achievement of National Competition Policy requirements	3	100%	100%	100%
Cabinet approval of <i>National Competition Policy Annual Report</i>	4	100%	100%	N/A
Availability of financial management reporting system (Tridata)		95%	98%	95%
Timeliness				
Achievement of key milestones in the budget process		100%	100%	100%
Budget, financial and other reports completed within agreed timeframes		100%	100%	100%
Whole-of-Government outcomes report completed within agreed timeframes		100%	100%	100%
Major structural reforms delivered within agreed timeframe	5	100%	100%	N/A

Output: Financial and Economic Policy (cont.)				
Measures	Notes	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Timeliness (cont.)				
Annual Commonwealth Grants Research Program completed within agreed timeframes		100%	100%	100%
Legislation review program completed within agreed timeframes		100%	100%	100%
Ministerial Correspondence and Cabinet Submissions completed within agreed timelines		95%	95%	95%
Percentage of non-complex competitive neutrality complaints outside Queensland Competition Authority's jurisdiction resolved within three months		90%	100%	95%
Cost (\$)				
Cost of fiscal and financial management		10,249	10,046	10,247
Cost of portfolio resource allocation advice		4,985	5,565	5,358
Cost of economic, regulatory and inter-governmental relations advice		2,275	2,716	3,129
State Contribution (\$'000)		33,733	34,439	30,966
Other Revenue (\$'000)		9,472	6,733	8,355
Total Cost (\$'000)		43,205	41,172	39,321
Notes:				
1. The new performance measure supports the Output's services and strategic direction.				
2. Target measures the fulfillment of reporting requirements such as delivery of the State Budget, preparation of the whole-of-Government Consolidated Financial Report annually, publication of the 'Queensland Economic Review' and monthly economic upgrades, and publication annually of the whole-of-Government outcomes report <i>Priorities in Progress</i> . The target reflects the continuing development of the performance indicators published in <i>Priorities in Progress</i> .				
3. Target measures the completion of all scheduled legislative reviews.				
4. Final National Competition Policy annual report was being prepared in 2002-03.				
5. Reflects the completion of the Brisbane Markets Corporation sale in 2002-03. No structural reforms have been approved during 2003-04 for implementation.				

Output Statement of Financial Performance – Financial and Economic Policy

	Notes	2002-03 Adjusted Budget ¹ \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
Output revenue		33,733	34,439	30,966
User charges	2	9,246	6,411	8,131
Grants and other contributions		..	..	..
Other		226	322	224
Total revenues from ordinary activities	3	43,205	41,172	39,321
Expenses from ordinary activities				
Employee expenses	4	23,181	22,262	20,566
Supplies and services		15,311	14,355	14,033
Equity return expense		685	747	713
Depreciation and amortisation		2,535	2,599	2,614
Grants and subsidies		..	..	..
Other		1,493	1,209	1,395
Total expenses from ordinary activities excluding borrowing costs	3	43,205	41,172	39,321
Borrowing costs		..	..	..
Surplus or deficit from ordinary activities		..	..	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	..	..

Notes:

- As a result of the transfer of the Energy output to the Department of Innovation, Information Economy, Sport and Recreation Queensland, the 2002-03 Budget amounts have been recast to include a component of Corporate Support allocation which was originally allocated to the Energy output.
- The decrease in the 2002-03 Estimated Actual and subsequent increase in 2003-04 Estimate is the result of project timing differences.
- Corporate Support revenue and expenses have been allocated to this output. The full disclosure of the 2003-04 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
- The decrease in the 2002-03 Estimated Actual reflects the re-scoping of the ASAP Project over the course of 2002-03 and a number of staff transferring to the Shared Service Implementation Office.

OUTPUT PERFORMANCE

OUTPUT: GOC Performance and Governance

DESCRIPTION

The primary focus of the Office of Government Owned Corporations (OGOC) is to support and advise shareholding Ministers in administering the Government's shareholding in its GOCs. This includes ensuring a strategic approach to policy development for GOCs, monitoring performance and ensuring compliance with relevant legislation.

The Office aims to maximise shareholder returns, build shareholder value and ensure appropriate corporate governance in GOCs. OGOC's activities, particularly in the transport and electricity sectors, help to ensure competitive and cost effective infrastructure and services to support social and economic development.

GOCs Regulatory issues, broader policy and economic or market policy issues, budget related purchasing issues and, in particular, Government Community Service Obligation (CSO) payments are addressed through other areas of Treasury (the Financial and Economic Policy output) or the relevant portfolio department.

Activities include:

- collecting on behalf of the Government, dividends and tax equivalent payments from the GOC sector
- negotiating outcomes of the annual performance contract, or Statement of Corporate Intent (SCI), as well as the five-yearly Corporate Plan
- monitoring the commercial performance of GOCs
- assessing major investment proposals
- oversight of Corporate Governance arrangements in GOCs and
- co-ordinating State Budget processes relating to GOCs.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

The output's focus on an effective management framework for GOCs has produced the following achievements:

- assessment of various investment proposals and business strategies put forward by GOCs
- completion of SCI process for each GOC
- an enhanced focus on industrial relations planning by GOCs
- completion of a review of the Competitive Neutrality Fee and development of an assessment methodology
- completion of a review of the use of contractors by energy GOCs

- development of a comprehensive GOC yearly planner which outlines significant activities and processes to be undertaken by GOCs and
- development of GOC investment guidelines incorporating ten investment principles which allow GOCs to act commercially and compete effectively while meeting the expectations, priorities and risk concerns of their Government shareholders.

Future Developments

During 2003-04, this output will focus on the following key priorities:

- undertaking the first stage of a program of strategic assessments of GOCs focusing on issues such as financial performance, market environment and strategic direction
- working with GOCs to develop SCIs in accordance with Government shareholding interests
- continuing to manage the Government's shareholder interest in GOCs. There will be a strong emphasis on risk management, corporate governance and on ensuring that performance monitoring systems are effective across GOCs
- the assessment of investment proposals by GOCs and
- assessment of the impact on GOCs of developments associated with converging the Standards of the Australian Accounting Standards Board and the International Accounting Standards Board.

OUTPUT STATEMENT

Output: GOC Performance and Governance				
Measures	Notes	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Quantity				
Number of GOC Statements of Corporate Intent completed		19	19	19
Number of performance monitoring reports completed		76	76	76
Quality				
Percentage of Ministerial correspondence prepared to agreed Treasury standards		100%	95%	95%
Timeliness				
Percentage of Statements of Corporate Intent & Corporate Plans completed and agreed by the Treasurer as per the schedule outlined in the GOC Act	1	100%	95%	100%
Percentage of GOC investment proposals assessed within agreed timeframes	2	80%	100%	100%
Cost (\$)				
Cost of monitoring and governance per GOC		\$0.12 million	\$0.12 million	\$0.12 million
State Contribution (\$'000)		2,416	2,425	2,455
Other Revenue (\$'000)		13	14	11
Total Cost (\$'000)		2,429	2,439	2,466
Notes:				
1. Delays in finalising strategic initiatives resulted in the Statement of Corporate Intent of the Mackay Port Authority being agreed by the Shareholding Ministers outside the schedule outlined in the GOC Act.				
2. All Investment proposals for 2002-03 were assessed within agreed timeframes.				

Output Statement of Financial Performance – GOC Performance and Governance

	Notes	2002-03 Adjusted Budget ¹ \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
Output revenue		2,416	2,425	2,455
User charges		11	10	9
Grants and other contributions		..	..	..
Other		2	4	2
Total revenues from ordinary activities	2	2,429	2,439	2,466
Expenses from ordinary activities				
Employee expenses		1,987	1,969	2,017
Supplies and services		318	327	313
Equity return expense		15	20	20
Depreciation and amortisation		46	62	64
Grants and subsidies		..	..	..
Other		63	61	52
Total expenses from ordinary activities excluding borrowing costs	2	2,429	2,439	2,466
Borrowing costs		..	..	..
Surplus or deficit from ordinary activities		..	..	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	..	..
Notes:				
1. As a result of the transfer of the Energy output to the Department of Innovation, Information Economy, Sport and Recreation Queensland, the 2002-03 Budget amounts have been recast to include a component of Corporate Support allocation which was originally allocated to the Energy output.				
2. Corporate Support revenue and expenses have been allocated to this output. The full disclosure of the 2003-04 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.				

OUTPUT PERFORMANCE

OUTPUT: Economic and Statistical Research

DESCRIPTION

The Office of Economic and Statistical Research (OESR) is responsible for the Economic and Statistical Research Output, particularly the coordination of whole-of-Government economic and statistical research projects. These projects include the collection, collation, interpretation, analysis and dissemination of high quality primary and secondary economic and statistical information, as well as the provision of modelling and research services, and specific information and data management services.

These services enhance the evidence base for planning, decision making, policy development, resource allocation, policy evaluation and performance measurement, with specific support to *Managing for Outcomes* reporting.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- development and implementation of the Data Hub, a web-based information tool to provide a cost-effective and collaborative approach to sharing information across Government
- conduct of a census of data collections across Government and the delivery of the results to all Government employees through the web based Register of Strategic Information
- data and coordination services for major Government initiatives, including the Queensland Spatial Information Infrastructure Strategy (QSIIS) and the Cape York Justice study
- completion of major surveys for State Government agencies, including Queensland Household Surveys
- provision of high quality statistical intelligence which contributes to the transparency and accountability of government by adhering to the principles and reporting requirements of the *Charter of Social and Fiscal Responsibility* and
- successful completion of major economic, demographic and statistical modelling, including the tourism and energy sectors of the Queensland economy, the juvenile justice system, population projections for the State and its regions, and intergenerational modelling research.

Future Developments

During 2003-04 this output will focus on the following key priorities:

- maintain and enhance rigorous economic and social research agendas relating to the economic and social advancement of the State, involving partnerships with government, industry, Queensland universities and interstate and international academics

- further develop a knowledge and modelling capacity for the Queensland Government by maintaining and enhancing a suite of economic and statistical models, methodologies and standards, and promote their availability, transparency and use across government and the general community
- improve mechanisms for the generation and purchase of data, removal of duplication and encouragement of sharing across all State Government agencies
- co-ordinate the activities of key providers of statistics to establish and maintain an integrated statistical service across all levels of government which provides an agreed set of official Queensland economic, social and environmental statistics
- continue to expand and enhance information services across all regions and sectors of the State, by encouraging the use of effective electronic data and information services and
- enhance statistical surveys capability, including implementation of longitudinal surveys and improved statistical methodologies for the analysis of longitudinal data.

OUTPUT STATEMENT

Output: Economic and Statistical Research				
Measures	Notes	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Quantity				
Survey, data processing or data construction projects	1	30	85	90
Official publications, client reports or databases	2	100	156	150
Formal written briefings or reports provided to key clients on economic statistical and spatial issues		200	200	200
Number of Internet hits on OESR web site	3	1.3 million	1.6 million	1.75 million
Number of hits to Data Hub home page	4	New measure	New measure	40,000
Collaborative projects undertaken with or sponsored by other teams in Government or external researchers		50	55	60
Development and co-ordination of statistical and information policy issues (number of projects)	5	50	150	100
Number of economic and social research papers and articles, and statistical standards or guidelines published	6	10	25	25
Answers to requests for information	7	5,000	3,800	4,000
Quality				
Quality audits		100%	100%	100%
Stakeholder and client satisfaction survey indicator (rated satisfied or very satisfied)		90%	90%	90%
Timeliness				
Production and delivery within agreed timeframes (excl. Internet services)		90%	90%	90%
Location				
Briefings and reports delivered to clients outside Treasury Office		50%	50%	50%
Cost (\$)				
Total revenue from external sources	8	\$3.5 million	\$4.2 million	\$3.9 million
State Contribution (\$'000)				
		8,001	8,037	7,920
Other Revenue (\$'000)				
		3,741	4,444	4,087
Total Cost (\$'000)				
		11,742	12,481	12,007

Notes:

1. The increase in the 2002-03 Estimated Actual is due to an increase in survey projects, as well as a change in the method of counting the more complex responses for some factual answers to requests for information.
2. The 2002-03 Estimated Actual is higher because of a greater number of reports being delivered to clients from surveys and the release of data from the Census of Population and Housing.
3. The increase in the 2002-03 Estimated Actual and 2003-04 Target is due to running surveys through the Internet, and an increased demand for information being disseminated through OESR's website.
4. A new measure was introduced following the release of the Data Hub on the Govnet website. This is a measure of the number of times Queensland Government employees access the Data Hub for Australian Bureau of Statistics and other information.
5. This measure has been redefined to include all statistical and information policy issues, rather than only those which are whole-of-Government or relate to other jurisdictions. The increase in the 2002-03 Estimated Actual is primarily attributed to a significant number of initiatives relating to the Aligning Services and Priorities Strategic Information Management review.
6. The increase in the 2002-03 Estimated Actual is due to an increase in the number of economic and social research articles and papers released as a result of the increase in the number of economic modelling projects undertaken. The 2003-04 Target remains unchanged because the modelling projects are continuing.
7. The lower number of requests for information in 2002-03 is due to the effect of the Data Hub innovation and more information being available on the website. As well, some counts are now recorded in the survey, data processing or data construction projects, official publications, client reports and data base categories rather than answers to requests for information.
8. The increase in the 2002-03 Estimated Actual is the result of an increase in survey work such as those provided for Gambling and Tourism. The decrease in the 2003-04 Estimate is largely due to uncertainty in survey demand.

Output Statement of Financial Performance – Economic and Statistical Research

	Notes	2002-03 Adjusted Budget ¹ \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
Output revenue		8,001	8,037	7,920
User charges	2	3,721	4,409	4,063
Grants and other contributions		..	..	..
Other		20	35	24
Total revenues from ordinary activities	3	11,742	12,481	12,007
Expenses from ordinary activities				
Employee expenses		7,266	7,247	7,770
Supplies and services	4	3,358	4,082	2,992
Equity return expense		71	110	105
Depreciation and amortisation		557	568	695
Grants and subsidies		32	31	32
Other		458	443	413
Total expenses from ordinary activities excluding borrowing costs	3	11,742	12,481	12,007
Borrowing costs		..	..	..
Surplus or deficit from ordinary activities		..	..	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	..	..

Notes:

- As a result of the transfer of the Energy output to the Department of Innovation, Information Economy, Sport and Recreation Queensland, the 2002-03 Budget amounts have been recast to include a component of Corporate Support allocation which was originally allocated to the Energy output.
- The increase in the 2002-03 Estimated Actual is due to additional client-funded projects, including surveys. The decrease in the 2003-04 Estimate is largely due to uncertainty in survey demand.
- Corporate Support revenue and expenses have been allocated to this output. The full disclosure of the 2003-04 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
- The increase in the 2002-03 Estimated Actual relates to increased casual and contract staff utilised in client-funded projects, including surveys. The decrease in the 2003-04 Estimate is due to the finalisation of the purchase of 2001 Census of Population and Housing data and the decrease in survey work.

OUTPUT PERFORMANCE

OUTPUT: Taxation

DESCRIPTION

This output comprises delivery and administration by the Office of State Revenue (OSR) of simple, efficient and equitable revenue management services for State taxes and grant and subsidy schemes. Key clients include taxpayers, grant and subsidy recipients, their agents and professional advisers.

OSR's main activities are:

- revenue collection services for Queensland's main taxes (Duty, Pay-roll Tax, Land Tax and Debits Tax)
- collecting gambling taxes, levies and fees
- administering the Community Ambulance Cover (CAC) scheme through electricity retailers
- grant and subsidy scheme administration for the Fuel Subsidy Scheme and the First Home Owner Grant
- revenue policy advice, and Ministerial and legislative services to maintain and improve the revenue systems and their administration and
- revenue management and administration including assessment and collection processing, claim and payment processing, investigation and debt recovery.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- development of a client relationship management strategy for improved self assessment, taxpayer certainty and client service aligned to new legislation and operating systems
- completion of returns expansion and related educational audit program
- in conjunction with the CAC Implementation Unit in Treasury Office, development of the legislative requirements of the Community Ambulance Cover scheme
- implementation and maintenance of an effective compliance program for taxes, grants and subsidies
- development and implementation of amendments to the administered Acts and regulations and
- commencement of implementation of a comprehensive Information Technology Strategic Plan.

Future Developments

During 2003-04 OSR will focus on the following key priorities:

- continue to implement the Information Technology Strategic Plan with provision of \$8.5 million in capital funding this year. The plan provides a direction for information technology infrastructure and support that incorporates contemporary business practices and payment methods. Within OSR, the plan incorporates major capital expenditure for the Business Systems Replacement project
- implement a client relationship management strategy for improved self assessment, taxpayer certainty and client service, aligned to new legislation and operating systems
- review organisational design to facilitate workflows in the office
- modernise Pay-roll Tax administration by implementing the *Taxation Administration Act 2001*, new technology systems and new business processes
- improve and expand self-assessment through the introduction of e-business initiatives with supporting voluntary compliance and investigations strategies
- provide Community Ambulance Cover scheme administration through electricity retailers
- create capability for the addition of new grants and subsidies business
- protect the State's revenue and support improved revenue management by providing ongoing legislation and revenue policy advice services to Government
- continuing legislation modernisation and simplification, including the application of the *Taxation Administration Act 2001* to the *Pay-roll Tax Act 1971*
- support the development of new revenue management business by providing legislation and revenue policy advice services and
- process approximately \$6 billion in revenue and grant transactions.

OUTPUT STATEMENT

Output: Taxation				
Measures	Notes	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Quantity				
Amount of revenue collected	1	\$4.2 billion	\$4.9 billion	\$4.9 billion
Number of amendment provisions including subordinate legislation developed	2	5	9	5
Number of First Home Owner Grant (FHOG) applications	3	24,500	30,149	25,500
Number of fuel subsidy payments	4	34,400	27,415	27,280
Quality				
Client satisfaction with service provided		70%	70%	70%
Legislative amendment program and revenue policy advices within service standards		90%	90%	90%
Timeliness				
FHOG applications processed within service standards		95%	95%	95%
Percentage of investigations performed within service standards		90%	90%	90%
Legislation program and deliverables within deadlines		90%	90%	90%
Payment and investigation of fuel subsidy claims within service standards		95%	97%	95%
Policy advice, briefings and Ministerial correspondence within deadlines		90%	90%	90%
Revenue collected within service standards		95%	95%	95%
Cost (\$)				
Cost of processing applications for FHOG payments as a percentage of total grants	5	0.64%	0.45%	N/A
Revenue collection costs as a percentage of revenue collections	5	0.63%	0.54%	N/A
Total Revenue \$ Administered per \$ expended - Accrual	6	New measure	167	161
State Contribution (\$'000)		37,486	37,493	39,528
Other Revenue (\$'000)		222	219	200
Total Cost (\$'000)		37,708	37,712	39,728

Notes:

1. The 2002-03 Estimated Actual increase is due to a higher number of transactions attracting duty than originally anticipated.
2. The increase in 2002-03 Estimated Actual is due to the progression of additional regulations and the implementation of the legislation relating to the Community Ambulance Cover.
3. The 2002-03 and 2003-04 Targets are based on the Commonwealth's estimate of state FHOG expenditure in the Commonwealth Budget Papers. The increase in the 2002-03 Estimated Actual is due to higher than expected demand for the Grant.
4. The decrease in the 2002-03 Estimated Actual relates to a reduction in the lodgment of claims from the Bulk End Users as a result of an increase in the provisional payment and the lodgment of claims once a year rather than every three months.
5. These measures have been replaced by the new measure "Total Revenue Administered per \$ expended – Accrual".
6. This new measure aligns OSR's internal performance reporting with the strategic plan and Ministerial Portfolio Statement performance reporting.

Output Statement of Financial Performance – Taxation

	Notes	2002-03 Adjusted Budget ¹ \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
Output revenue		37,486	37,493	39,528
User charges		198	179	172
Grants and other contributions		..	..	..
Other		24	40	28
Total revenues from ordinary activities	2	37,708	37,712	39,728
Expenses from ordinary activities				
Employee expenses		23,193	22,307	23,386
Supplies and services		11,285	11,611	11,962
Equity return expense	3	1,002	772	1,141
Depreciation and amortisation	4	1,506	1,964	2,496
Grants and subsidies		..	..	..
Other		722	1,058	743
Total expenses from ordinary activities excluding borrowing costs	2	37,708	37,712	39,728
Borrowing costs		..	..	..
Surplus or deficit from ordinary activities		..	..	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	..	..

Notes:

- As a result of the transfer of the Energy output to the Department of Innovation, Information Economy, Sport and Recreation Queensland, the 2002-03 Budget amounts have been recast to include a component of Corporate Support allocation which was originally allocated to the Energy output.
- Corporate Support revenue and expenses have been allocated to this output. The full disclosure of the 2003-04 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
- The increase in the 2003-04 Estimate results from an increase in net assets (equity) due to the equity injection provided to fund the Business System Replacement project.
- The increase in 2002-03 Estimated Actual is due to the need to accelerate depreciation on leasehold improvements as a result of the relocation to 33 Charlotte Street. The subsequent increase in 2003-04 Estimate is due to depreciation on the Business System Replacement project.

OUTPUT PERFORMANCE

OUTPUT: Gambling

DESCRIPTION

This output, through the Queensland Office of Gaming Regulation, is responsible for the regulation of all forms of legal gambling in Queensland including casinos, gaming machines, charitable gaming, keno, lotteries, wagering, and interactive gambling.

This encompasses maintenance of gambling industry integrity, probity of its participants, and responsible gambling policy and research activities.

A stringent licensing regime includes the issuing of licences for organisations and persons. Other activities include evaluating and approving internal controls, gambling equipment and gambling rules.

Compliance activities include the inspection and audit of gambling products, investigating complaints and undertaking prosecutions, and conducting probity investigations of individuals and corporate entities.

The output also co-ordinates the provision of gambling policy advice, implements responsible gambling practices and coordinates research to underpin future policy advice on gambling. It also manages the allocation of funds from the Community Investment Fund which includes grants to community organisations from the Gambling Community Benefit Fund and funding for gambling help services.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- introduction of a cap on gaming machines in hotels and finalisation of a scheme for re-allocating gaming machines in hotels within the cap
- implementation of responsible gambling initiatives, including release of the *Responsible Gambling Strategy*; the *Queensland Responsible Gambling Code of Practice* and its associated resource manual; installation of responsible gambling messages in gambling venues; implementation of responsible gambling features on gaming machines; a training framework for venue staff; and expansion of gambling support services
- adoption of the Queensland communication protocol for gaming machines by other Australian and international jurisdictions
- appointment of a committee to oversee implementation and administration of the business assistance scheme for the club industry
- enhanced spatial analysis of social and economic issues associated with gambling by utilising a Geographic Information System
- finalisation of the *Review of the Participation of Minors under 'The Charitable and Non-Profit Gaming Act 1999'*

- publication of the final report on the *Queensland Household Gambling Survey 2001*. The findings will form the basis of new research in gambling issues
- provision of the first *Responsible Gambling Research Grants* program funding round to researchers in Queensland and interstate and
- distribution of \$32 million in grants from the Gambling Community Benefit Fund for the period from April 2002 to March 2003, for 2,564 projects to be undertaken by Queensland community organisations.

Future Developments

During 2003-04 this output will focus on the following key priorities:

- implement the gaming machine reallocation scheme for hotels
- evaluate industry compliance with the *Queensland Responsible Gambling Code of Practice*
- review of the Gambling Community Benefit Fund
- investigate private and external interests of licensed clubs throughout the State
- review gaming machine audit methodology having regard to a risk assessment of affected sites
- continue to develop a community awareness campaign, education modules and gambling help system in relation to the impacts of gambling on individuals and the community
- manage strategic research programs including further funding rounds under the *Responsible Gambling Research Grants* program and epidemiological studies of problem gambling
- take a lead role in inter-jurisdictional gambling policy bodies
- continue to research technology trends, including electronic gambling equipment, e-commerce and increased use of the internet and
- distribute an estimated \$33 million in grants from the Gambling Community Benefit Fund.

OUTPUT STATEMENT

Output: Gambling			
Measures	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Quantity Audit, probity and inspection activities completed in accordance with annual program	95%	95%	95%
Quality Percentage of gambling providers committing to the implementation of the Code of Practice	70%	70%	70%
Suitability of all gambling participants and systems proven to be satisfactory	95%	95%	95%
People using intervention services who report a decrease in their gambling problems	65%	65%	65%
Timeliness Licence applications processed within set time	90%	90%	90%
Responsible Gambling outsourced research projects completed on time	60%	60%	60%
Gambling Community Benefit Fund applications processed within set times	95%	95%	95%
State Contribution (\$'000)	17,143	17,261	16,745
Other Revenue (\$'000)	9,792	9,735	13,199
Total Cost (\$'000)	26,927	26,988	29,675

Output Statement of Financial Performance – Gambling

	Notes	2002-03 Adjusted Budget ¹ \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
Output revenue		17,143	17,261	16,745
User charges	2	9,789	9,718	13,195
Grants and other contributions		..	..	..
Other		3	17	4
Total revenues from ordinary activities	3	26,935	26,996	29,944
Expenses from ordinary activities				
Employee expenses		15,008	15,536	15,928
Supplies and services	4	5,434	5,232	6,286
Equity return expense		77	120	114
Depreciation and amortisation		659	748	850
Grants and subsidies	5	4,900	4,658	5,309
Other	6	849	694	1,188
Total expenses from ordinary activities excluding borrowing costs	3	26,927	26,988	29,675
Borrowing costs		..	..	..
Surplus or deficit from ordinary activities		8	8	269
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		8	8	269

Notes:

- As a result of the transfer of the Energy output to the Department of Innovation, Information Economy, Sport and Recreation Queensland, the 2002-03 Budget amounts have been recast to include a component of Corporate Support allocation which was originally allocated to the Energy output.
- The increase in the 2003-04 Estimate primarily represents the recovery of Research and Community Engagement Division costs associated with two new research programs (the evaluation of the Code of Practice, and population studies) and the introduction of a charge to administer the reallocation of gaming machines scheme in hotels.
- Corporate Support revenue and expenses have been allocated to this output. The full disclosure of the 2003-04 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
- The increase in the 2003-04 Estimate is due to costs associated with the development and rollout of a new communications strategy.
- The increase in the 2003-04 Estimate is due to costs associated with a new research program.
- The increase in the 2003-04 Estimate is primarily due to the funding of internal research into responsible gambling, costs associated with the running of Responsible Gambling Advisory Committee conferences, and computer upgrades.

OUTPUT PERFORMANCE

OUTPUT: Superannuation

DESCRIPTION

The Government Superannuation Office (GSO) administers the State Public Sector Superannuation Fund (QSuper), the Parliamentary Contributory Superannuation Fund and the pension entitlements of judges. The GSO also administers the long service leave provisions for Queensland State Public Sector employees.

Activities include:

- provision of expert policy advice
- provision of competitive products and services to enhance employee remuneration and retain members post employment and
- administration of legislation related to the management of superannuation for Queensland State Public Sector employees.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- implementation of an internet-based Employer Data Collection System to expedite the processing of employer contributions, and a Workflow and Document Management System to gain operational efficiencies
- implementation of the Commonwealth Government's new Family Law regime to allow for the splitting of superannuation interests and
- production of QSuper's Annual Report, "Super Scoop", which won one of two communication awards granted by the primary industry body, the Association of Superannuation Funds of Australia.

Future Developments

During 2003-04, this output will focus on the following key priorities:

- enhance the multi-channelled approach to service, including the extension of the capabilities of the QSuper website to provide on-line services for members – for example, access to on-line quotations of benefit, transaction history and account details
- develop an expanded range of products and services through QSuper, Q♦Invest and strategic alliances that confirm QSuper's competitive position in the market
- enhance education, guidance and "limited" advice services, including a review of communication material, to further assist members to make informed decisions for their retirement and reflect the quality of QSuper products and services
- undertake a full risk management and compliance program to ensure the continued provision of trusted financial services and secure management of funds

- undertake system development to improve service and operational processing, including consolidating knowledge systems, and expanding workflow systems to streamline processing functions
- review competitor activities in the superannuation environment and monitor regulatory changes, including implementation of compliance procedures associated with Financial Services Reform and
- administer \$9.2 billion in Superannuation assets.

OUTPUT STATEMENT

Output: Superannuation			
Measures	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Quantity Percentage of members who elect to retain their voluntary monies within QSuper	70%	70%	70%
Quality Satisfaction of stakeholders with the delivery of products and services	93%	95%	93%
Percentage of external audits resulting in no qualifications	100%	100%	100%
Timeliness Meeting the performance benchmarks in the QSuper Trustees Administration Mandate and other agreements in place for the administration of funds other than QSuper	95%	94%	95%
Cost (\$) Administration costs per member are within the lowest quartile when benchmarked to peers	100%	100%	100%
State Contribution (\$'000)	1,011	1,195	1,064
Other Revenue (\$'000)	45,231	44,253	48,670
Total Cost (\$'000)	46,242	45,448	49,734

Output Statement of Financial Performance – Superannuation

	Notes	2002-03 Adjusted Budget ¹ \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
Output revenue		1,011	1,195	1,064
User charges	2	44,688	43,559	48,250
Grants and other contributions		..	..	..
Other		543	694	420
Total revenues from ordinary activities	3	46,242	45,448	49,734
Expenses from ordinary activities				
Employee expenses	4	20,454	19,261	22,880
Supplies and services	5	18,409	19,968	20,164
Equity return expense		565	675	643
Depreciation and amortisation	6	3,867	2,729	3,115
Grants and subsidies		..	..	..
Other		2,947	2,815	2,932
Total expenses from ordinary activities excluding borrowing costs	3	46,242	45,448	49,734
Borrowing costs		..	..	..
Surplus or deficit from ordinary activities		..	..	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	..	..

Notes:

- As a result of the transfer of the Energy output to the Department of Innovation, Information Economy, Sport and Recreation Queensland, the 2002-03 Budget amounts have been recast to include a component of Corporate Support allocation which was originally allocated to the Energy output.
- The increase in the 2003-04 Estimate reflects the increase in demand for, and the provision of, enhanced services to members, such as improvements to online services and workflow management systems. These are funded through administration fees paid by scheme members.
- Corporate Support revenue and expenses have been allocated to this output. The full disclosure of the 2003-04 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
- The decrease in the 2002-03 Estimated Actual is attributable to the employment of contractors and temporary agency staff to fill vacancies on a temporary basis – these costs are reflected in Supplies and services. The increase in the 2003-04 Estimate reflects the employment of additional staff to permanently fill these vacancies.
- Refer to Note 4 in relation to 2002-03 Estimated Actual. The increase in the 2003-04 Estimate relates to the provision for enhanced services to members resulting in additional computer maintenance agreements and repairs and maintenance expenses.
- The decrease in the 2002-03 Estimated Actual is caused by the delay in the completion and capitalisation of projects. Consequently, this has resulted in an increase in the 2003-04 Estimate.

OUTPUT PERFORMANCE

OUTPUT: Shared Service Implementation

DESCRIPTION

The Shared Service Initiative is a key outcome of a 12-month project which reviewed the delivery of corporate services across the public sector. The Shared Service Business Plan endorsed by Government in December 2002 provides a blueprint for the future of corporate services in the Queensland public sector.

The Shared Service Implementation Office (SSIO) is a temporary office established within Treasury for three years to 30 June 2006. SSIO's primary purpose is to lead and support the delivery of the whole-of-Government outcomes for the Government's Shared Service Initiative.

Activities of SSIO include:

- developing and defining the shared service model for implementation by agencies, shared service providers and the technology centre of skill
- development of whole-of-Government guidelines and principles to ensure that the implementation is coordinated, effective, efficient and equitable
- designing standard business processes and related corporate systems, a key feature of the Shared Service Initiative
- supporting the efforts of agencies, shared service providers and the technology centre of skill that have direct responsibility for implementing elements of the model and
- planning, analysing, monitoring and reporting progress to stakeholders on the implementation of the Shared Service Initiative.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Significant recent achievements include:

- establishment of the SSIO
- co-ordination of the preparation of implementation plans for each agency, shared service provider, the technology centre of skill and SSIO
- development of a whole-of-Government performance and service management framework
- development of processes to prepare, inform and support corporate services staff involved in the initiative
- development of a method to standardise corporate services business processes that will be delivered by all shared service providers after 1 July 2003 and
- development and distribution of a range of essential information, frameworks and strategies.

Future Developments

During 2003-04, this output will focus on the following key priorities:

- establish the shared service providers and technology centre of skill on 1 July 2003
- implement the whole-of-Government performance and service management framework
- develop a workforce management strategy and co-ordinate the implementation of the training and development plan
- facilitate the development of standardised corporate services business processes
- develop information and communication technology systems that support standardised corporate services business processes and
- ongoing planning and risk management of the implementation of the Shared Service Initiative, including monitoring of the financial benefits of the shared service initiative.

OUTPUT STATEMENT

Output: Shared Service Implementation				
Measures	Notes ¹	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Quantity				
Number of employees trained in business process standardisation in 10 key areas identified in core service delivery		N/A	100	150
Number of standard survey instruments developed as part of Performance and Service Management Framework		N/A	New measure	2
SSIO and whole-of-Government Implementation plans – quarterly reports prepared		N/A	2	8
Operating level agreements in place for core corporate servicing across all agencies		N/A	New measure	100%
Quality				
Minimum satisfaction with management of shared service implementation: - CEOs and key managers - Government		N/A N/A	New measure New measure	80% 80%
Minimum level of shared service provider satisfaction with standardised business process initiative		N/A	New measure	80%
Timeliness				
Achievement of key deliverables in SSIO Implementation Plan		N/A	100%	100%
Provision of policy advice, briefings, ministerial correspondence within agreed time frames		N/A	95%	95%
Cost (\$)				
Maximum SSIO operating expenses as % of total SSI expenditure		N/A	New measure	5%
State Contribution (\$'000)		..	7,006	14,610
Other Revenue (\$'000)		..	337	311
Total Cost (\$'000)		..	7,343	14,921
Note: 1. As SSIO was established during 2002-03 the performance measures are new.				

Output Statement of Financial Performance – Shared Service Implementation

	Notes	2002-03 Adjusted Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
Output revenue	1	..	7,006	14,610
User charges		..	279	269
Grants and other contributions		..	..	..
Other		..	58	42
Total revenues from ordinary activities	2	..	7,343	14,921
Expenses from ordinary activities				
Employee expenses	3	..	3,818	9,080
Supplies and services	4	..	2,950	5,068
Equity return expense		..	68	65
Depreciation and amortisation		..	249	255
Grants and subsidies		..	..	..
Other		..	258	453
Total expenses from ordinary activities excluding borrowing costs	2	..	7,343	14,921
Borrowing costs		..	..	..
Surplus or deficit from ordinary activities		..	..	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	..	..

Notes:

- The 2003-04 Estimate represents a full year's funding requirement for the output.
- Corporate Support revenue and expenses have been allocated to this output. The full disclosure of the 2003-04 Corporate Support allocation is provided in Attachment 1 to the Departmental Financial Statements.
- The 2002-03 Estimated Actual represents six months expenditure and the 2003-04 Estimate reflects a full year's employee expenses. Approximately 55% of this cost in 2003-04 is for the reimbursement of agency staff costs who are undertaking short-term projects related to the Shared Service Initiative implementation.
- The 2002-03 Estimated Actual represents six months expenditure and the 2003-04 Estimate reflects a full year's supplies and services.

ADMINISTERED ITEMS

DESCRIPTION

In its capacity as manager of the State's finances, Treasury is responsible for overseeing significant administered revenues and expenses. The Department receives a large proportion of the State's taxation and Commonwealth revenue used to fund departmental outputs.

Treasury's administered statements include transactions relating to the management of superannuation, long service leave, Fuel Subsidy Scheme, and the First Home Owners Grants Schemes. Treasury also administers whole-of-Government borrowing and debt management requirements, the investment of departmental cash balances and the Treasurer's advance contingency account.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

General Revenue Assistance

General revenue assistance from the Commonwealth comprises Goods and Service Tax (GST) revenues, budget balancing assistance and National Competition Payments. The largest component is GST revenue, which is distributed among the States based on the recommendations of the Commonwealth Grants Commission (CGC).

The CGC's recommendations are updated annually, resulting in significant variations in Queensland's grant share. In its 2003 Update, the CGC's recommendations resulted in an underlying increase of general revenue funding for 2003-04 of \$44.2 million. Variations of this magnitude, both positive and negative, present risk management issues for Treasury.

The CGC reviews its methodology for recommending the distribution of general revenue over a five-year cycle. The current review is due for completion in February 2004, with the new methodology applying from 2004-05 to 2008-09.

The CGC's review involves an extensive consultation process with the States and other interested parties. Queensland lodged its Main Submission to the CGC in April 2002 and its Rejoinder Submission in February 2003. Both the Main Submission and the Rejoinder Submission provided evidence to support Queensland's funding requirements.

Group Insurance Scheme

Treasury made a major contribution to the establishment of the Group Insurance Scheme for eligible community organisations, which commenced on 1 September 2002. To achieve this outcome Treasury conducted extensive consultation with the insurance industry, insurance brokers, community groups and government.

Treasury's internal insurance expertise from the Queensland Government Insurance Fund was utilised in development of the scheme structure, the public liability helpline and the website.

CAPITAL ACQUISITIONS

Treasury's key infrastructure requirements are primarily intellectual capital and technology solutions. The majority of the capital acquisitions for 2003-04 relate to projects which support initiatives such as the development of e-commerce capabilities in both the Taxation and Superannuation outputs. The most significant capital purchases are for:

- Office of State Revenue's implementation of an Information Technology Strategic Plan (ITSP) to enhance information technology and management. The ITSP includes the Business Systems Replacement project. The new system will employ contemporary technology to provide revenue and information management and e-business capability to better service the Government and people of Queensland. The ITSP will assist with the achievement of the Output being innovative revenue managers for the Government and the Community
- Government Superannuation Office's continuation of additional e-business related initiatives to further improve client services and business related initiatives. This includes the purchase of new software and hardware, on-line superannuation services, development of a workflow and document management system, redevelopment of the Capital Gains Tax System, re-development of the Cash Flow Management System; development of a Client Relationship Management System, and adjustment of the QSuper member database to allow splitting of contributions between spouses
- Office of Gaming Regulation's (OGR) improvement of business systems including the replacement of equipment for the regional network, Executive Information System and Geographic Information System, Intranet and Internet enhancement, and modification of the 'Corporate Office of Gaming System' - OGR's licensing system
- \$2.46 million to undertake Treasury's Strategic Accommodation Plan. A key priority of the plan is the relocation of five Treasury offices to the 33 Charlotte Street building, consolidating the Brisbane CBD offices from dispersed locations to achieve improvements in business processes and
- the relocation of Treasury's computer Network Servers to the CITEC Buildings requiring installation of upgraded services and hardware to both the new computer room at CITEC and 33 Charlotte St.

CAPITAL ACQUISITION STATEMENT

	Notes [#]	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
<u>PROPERTY PLANT AND EQUIPMENT</u>				
Property Plant and Equipment				
- Operational Asset Replacement	1	2,084	2,480	3,956
Other acquisitions of property, plant and equipment		..	..	..
TOTAL PROPERTY PLANT AND EQUIPMENT		2,084	2,480	3,956
<u>OTHER CAPITAL ACQUISITIONS</u>				
Other Capital Acquisitions				
- OSR Business Systems Replacement	2	9,045	3,770	8,500
- GSO Client Service Projects	3	3,322	5,401	4,550
- 33 Charlotte Street Leasehold Improvement	4	2,930	1,558	2,460
- Treasury Portfolio Metropolitan Network	5	..	..	2,000
Other Items		1,308	1,406	1,809
TOTAL OTHER CAPITAL ACQUISITIONS		16,605	12,135	19,319
TOTAL CAPITAL ACQUISITIONS		18,689	14,615	23,275
<u>FUNDING SOURCES OF ACQUISITIONS</u>				
Equity Adjustment	6	4,500	7,100	2,395
Funding for depreciation and amortisation	7	9,340	7,515	10,222
Borrowings		..	..	..
Proceeds of asset sales		..	..	..
Other	8	4,849	..	10,658
TOTAL FUNDING SOURCES		18,689	14,615	23,275

See Notes on following page

Notes:

1. The increase in the 2002-03 Estimated Actual is due to the Superannuation Server Replacement Program being brought forward from 2003-04. The subsequent increase in 2003-04 Estimate is the costs associated with the completion of the Superannuation Server Replacement Program and the purchase of a new high specification server relating to the Economic and Statistical Research output.
2. The decrease in the 2002-03 Estimated Actual has primarily resulted from a shift in the estimated procurement points for pre-production and production infrastructure and architecture, combined with a shift in the commencement and completion dates for the design phase and future phases. The 2003-04 Estimate reflects the full funding requirements of the next phase of the system development for the project.
3. The increase in 2002-03 Estimated Actual is a combination of timing issues regarding expenditure on projects from the previous year and higher than anticipated expenditure on the Member Internet and Workflow and Document Management Systems. The decrease in 2003-04 Estimate is due to a reduction in planned projects.
4. The decrease in the 2002-03 Estimated Actual is due to timing issues regarding construction of the new government building at 33 Charlotte Street. The increase in 2003-04 Estimate reflects costs associated with completion of construction and fit-out of the new building.
5. Relates to the implementation of the new infrastructure for the relocation of Treasury's computer network servers to CITEC.
6. Refer to Note 17 on p1-51 in the Statement of Financial Position in the Financial Statements section.
7. Refer to Note 7 on p1-51 in the Statement of Financial Performance in the Financial Statements section.
8. The decrease in the 2002-03 Estimated Actual is attributable to the decrease in funding utilised for the OSR Business Systems Replacement from that originally projected. The subsequent increase in the 2003-04 Estimate reflects the utilisation of cash reserves on project related capital items including OSR Business Systems Replacement.

**DEPARTMENTAL
FINANCIAL
STATEMENTS**

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2002-03 Adjusted Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
Output revenue	1	104,758	111,235	114,162
User charges	2	63,367	61,012	69,924
Grants and other contributions	3	1,386	987	..
Other		849	1,219	781
Total revenues from ordinary activities		170,360	174,453	184,867
Expenses from ordinary activities				
Employee expenses	4	94,323	95,273	102,026
Supplies and services	5	52,557	56,363	58,062
Equity return expense	6	2,457	2,554	2,835
Depreciation and amortisation	7	9,303	9,068	10,222
Grants and subsidies	8	5,043	4,506	4,561
Other		6,668	6,681	6,892
Total expenses from ordinary activities excluding borrowing costs expense		170,351	174,445	184,598
Borrowing costs		..	..	..
Surplus or deficit from ordinary activities	9	9	8	269
Extraordinary items		..	..	..
NET SURPLUS OR (DEFICIT)	9	9	8	269
Non-owner transaction changes in equity:				
- Net increase (decrease) in asset revaluation reserve		..	..	..
- Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity		..	..	..
Total revenues, expenses and valuation adjustments recognised directly in equity		..	..	..
Total changes in equity other than those resulting from transactions with owners as owners		..	..	..

STATEMENT OF FINANCIAL POSITION

	Notes	2002-03 Adjusted Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CURRENT ASSETS				
Cash assets	10	4,531	17,495	5,995
Receivables	11	11,360	14,682	16,531
Inventories		294	159	159
Other financial assets		..	..	..
Other	12	1,819	2,429	2,489
Total current assets		18,004	34,765	25,174
NON-CURRENT ASSETS				
Receivables		..	..	..
Inventories		..	..	..
Intangibles	13	25,204	17,851	24,216
Property, plant and equipment	14	15,624	11,991	18,679
Other		..	..	..
Total non-current assets		40,828	29,842	42,895
TOTAL ASSETS		58,832	64,607	68,069
CURRENT LIABILITIES				
Payables	15	6,120	9,736	10,224
Interest-bearing liabilities		..	..	..
Provisions	16	7,741	8,710	9,015
Other		..	150	150
Total current liabilities		13,861	18,596	19,389
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Provisions		..	..	..
Other		85	85	90
Total non-current liabilities		85	85	90
TOTAL LIABILITIES		13,946	18,681	19,479
NET ASSETS (LIABILITIES)		44,886	45,926	48,590
EQUITY				
Contributed equity	17	14,148	16,249	18,644
Retained surpluses (accumulated deficits)		30,738	29,677	29,946
Reserves:				
- Asset revaluation reserve		..	..	..
- Other		..	..	..
TOTAL EQUITY		44,886	45,926	48,590

STATEMENT OF CASH FLOWS # See Notes

	Notes	2002-03 Adjusted Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Output receipts	18	104,758	111,235	114,162
User charges	19	61,456	58,294	68,075
Grants and other contributions	20	1,386	987	..
Other	21	849	1,153	785
Outflows:				
Employee costs	22	(94,097)	(94,669)	(101,721)
Supplies and services	23	(52,250)	(52,939)	(57,634)
Grants and subsidies	24	(5,043)	(4,506)	(4,561)
Borrowing costs		..	..	..
Equity return	25	(2,457)	(2,554)	(2,835)
Other		(6,633)	(6,113)	(6,891)
Net cash provided by (used in) operating activities		7,969	10,888	9,380
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Outflows:				
Payments for property, plant and equipment	26	(4,996)	(3,326)	(11,902)
Payments for intangibles	27	(13,675)	(11,289)	(11,373)
Payments for investments		..	..	..
Net cash provided by (used in) investing activities		(18,671)	(14,615)	(23,275)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections	28	4,500	7,100	3,462
Outflows:				
Dividends paid		..	..	..
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	29	..	..	1,067
Net cash provided by (used in) financing activities		4,500	7,100	2,395
Net Increase (decrease) in cash held		(6,202)	3,373	(11,500)
Cash transfers from Restructure	30	(221)	(837)	..
Cash at the beginning of financial year		10,954	14,959	17,495
Cash at the end of financial year		4,531	17,495	5,995

STATEMENT OF FINANCIAL PERFORMANCE

EXPENSES AND REVENUES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2002-03 Adjusted Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues				
Commonwealth grants	31	5,916,415	6,131,043	6,407,494
Taxes, fees and fines	32	4,274,527	4,885,640	5,014,814
Royalties, property income and other territorial revenue	33	76,970	66,008	74,081
Interest		40,392	42,613	40,763
Administered item revenue	34	1,247,757	1,621,413	1,825,572
Other		11,429	13,225	13,712
Total revenues		11,567,490	12,759,942	13,376,436
Expenses excluding borrowing costs				
Supplies and Services	35	111,501	131,267	138,731
Depreciation and amortisation		6	4	..
Grants and subsidies	36	582,450	698,692	568,439
Benefit payments	37	177,042	213,514	181,290
Treasurer's Advance	38	84,590	..	86,020
Other	39	276,982	575,089	838,012
Total expenses excluding borrowing costs		1,232,571	1,618,566	1,812,492
Borrowing costs expense	40	21,531	7,929	17,464
Net Surplus or Deficit Before Extraordinary Items		10,313,388	11,133,447	11,546,480
Extraordinary items		..	..	..
Net surplus or deficit before transfers to Government		10,313,388	11,133,447	11,546,480
Transfers of Administered Revenue to Government	41	10,313,036	11,131,832	11,544,074
NET SURPLUS OR (DEFICIT)		352	1,615	2,406

STATEMENT OF FINANCIAL POSITION

ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2002-03 Adjusted Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CURRENT ASSETS				
Cash	42	(579,541)	(8,419)	(3,118)
Receivables		86,476	91,840	93,223
Inventories		..	..	..
Other financial assets		1,159	1,159	1,159
Other	43	396,513	216,017	217,017
Total current assets		(95,393)	300,597	308,281
NON-CURRENT ASSETS				
Receivables		90,043	89,602	84,912
Inventories		..	..	..
Other financial assets	42	656,899	3	3
Intangibles		..	..	..
Property, plant and equipment		38	46	46
Other		..	..	..
Total non-current assets		746,980	89,651	84,961
TOTAL ADMINISTERED ASSETS		651,587	390,248	393,242
CURRENT LIABILITIES				
Payables		29,441	28,186	28,186
Transfers to Government payable	44	314,882	78,991	84,991
Interest-bearing liabilities		2,014	2,702	3,061
Other	45	78,773	53,392	53,360
Total current liabilities		425,110	163,271	169,598
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities	46	719,854	91,537	465,166
Other		109,507	107,813	102,813
Total non-current liabilities		829,361	199,350	567,979
TOTAL ADMINISTERED LIABILITIES		1,254,471	362,621	737,577
ADMINISTERED NET ASSETS (LIABILITIES)		(602,884)	27,627	(344,335)
EQUITY				
Contributed equity		(603,682)	13,461	(360,907)
Retained surpluses (accumulated deficits)		798	14,166	16,572
Reserves:				
- Asset revaluation reserve		..	..	..
- Other		..	..	..
TOTAL ADMINISTERED EQUITY		(602,884)	27,627	(344,335)

STATEMENT OF CASH FLOWS ^{*See Notes}

CASH FLOWS ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2002-03 Adjusted Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Administered item receipts	47	1,250,177	1,742,745	1,825,572
Grants and other contributions	48	5,918,208	6,134,599	6,411,555
Taxes, fees and fines	49	4,274,527	4,885,640	5,014,814
Royalties, property income and other territorial revenues	50	71,970	61,008	69,081
Interest received		40,392	42,613	40,763
Other		8,031	16,371	7,977
Outflows:				
Transfers to Government	51	(10,307,035)	(11,229,161)	(11,538,074)
Grants and subsidies	52	(761,912)	(921,566)	(749,729)
Supplies and services	53	(225,292)	(154,066)	(225,751)
Borrowing costs	54	(21,531)	(7,929)	(17,464)
Other items	55	(246,572)	(603,782)	(836,339)
Net cash provided by (used in) operating activities		963	(33,528)	2,405
CASHFLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed	56	183,054	..	..
Loans and advances redeemed		4,773	4,773	5,555
Outflows:				
Payments for property, plant and equipment		..	..	..
Payments for Intangibles		..	..	..
Loans and Advancements made		(1,321)	(1,321)	(977)
Net cash provided by (used in) investing activities		186,506	3,452	4,578
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	57	628,291	2,291	375,430
Equity injections	58	95,400	363,609	89,108
Outflows:				
Borrowing redemptions		(2,392)	(2,392)	(2,744)
Finance lease payments		..	..	..
Equity withdrawals	59	(721,400)	(339,107)	(463,476)
Net cash provided by (used in) financing activities		(101)	24,401	(1,682)
Net increase (decrease) in cash held		187,368	(5,675)	5,301
Administered cash at beginning of financial year		(766,909)	(2,744)	(8,419)
Administered cash at end of financial year		(579,541)	(8,419)	(3,118)

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

- # On 31 December 2002, the Office of Energy ceased to be part of Treasury Department as a result of a Machinery of Government change transferring the Office to the Department of Innovation and Information Economy, Sport and Recreation Queensland. Accordingly the 2002-03 Budget has been adjusted to reflect six months of activity in the Statement of Financial Performance and Statement of Cash Flows, and to exclude the Energy output from balances in the Statement of Financial Position.

The individual Output Operating Statements do not add to the Statement of Financial Performance due to: Corporate Support provided to non-departmental outputs; intra output/Departmental trading; and the disclosure of an Output Operating Statement for the six month 2002-03 Adjusted Budget and 2002-03 Estimated Actual of the Energy output being excluded from this Ministerial Portfolio Statement.

Statement of Financial Performance

1. The increase in the 2002-03 Estimated Actual is largely attributable to the provision of additional funding to undertake the objectives of the Shared Service Implementation Office (SSIO). The 2003-04 Budget includes additional funding allocations for the Office of State Revenue (OSR) Business System Replacement and Enterprise Bargaining.
2. The increase in the 2003-04 Estimate principally reflects an increase in administration fees charged by the Superannuation output for the provision of enhanced services to members. Also contributing is increased revenue relating to the cost recoveries from asset sales, the introduction of an administration charge to administer the re-allocation of gaming machines scheme in hotels by the Gambling output and an increase in the recovery of costs of the Research and Community Engagement Division.
3. Grants and other contributions revenue relates solely to the Energy output. The decrease in the 2002-03 Estimated Actual reflects lower than anticipated contributions from the electricity generation corporations for the secondment of staff from Enertrade relating to the period in which Energy remained with the Department.
4. Contributing to the increase in the 2003-04 Estimate is an addition to staffing levels to undertake the objectives of the Shared Service Initiative (SSI) and further staffing in the Superannuation output to assist in the delivery of enhanced services to members.
5. The increase in the 2002-03 Estimated Actual highlights the impact of the activities of the SSIO and additional expenses in the Superannuation output resulting from the use of contractors and temporary staff to temporarily fill vacant positions.
6. The increase in the 2002-03 Estimated Actual represents a revision to the equity return calculation to better reflect the predicted net asset position of the department. The further increase in the 2003-04 Estimate results from an increase in net assets (equity) due to the equity injection provided to fund part of the OSR Business System Replacement.
7. The 2003-04 Estimate principally shows an increase in the department's depreciable asset base for the OSR Business System Replacement and the capitalisation of several projects of the Superannuation output.
8. The decrease in the 2002-03 Estimated Actual represents lower than anticipated grants paid by the Office of Energy prior to the Machinery of Government change relating to the Biomass (Bagasse) Research Program.
9. The 2002-03 Estimated Actual and 2003-04 Estimate surplus is attributable to the Gambling output.

Statement of Financial Position

10. Refer to Statement of Cash Flows. The increase in the 2002-03 Estimated Actual primarily reflects a slower than anticipated use of cash reserves for the purchase of project-related capital items. The subsequent decrease in the 2003-04 Estimate demonstrates the resolution of this timing issue and the subsequent utilisation of these funds.
11. The increase in the 2002-03 Estimated Actual demonstrates a growth in the anticipated proportion of accrued versus collected revenue based on the proportion recognised as accrued in the 2001-02 General Purpose Financial Statements. The subsequent increase in the 2003-04 Estimate reflects increased user charges revenue.
12. The increase in the 2002-03 Estimated Actual and 2003-04 Estimate is due to a general growth in the amount of prepayments for information technology maintenance and related items.
13. The decrease in the 2002-03 Estimated Actual is caused through a lower than expected opening asset base arising from delays in the progress of major projects combined with a reduction in anticipated capital expenditure on the OSR Business Systems Replacement. The subsequent increase in the 2003-04 Estimate relates primarily to the capitalisation of the core development period of the OSR Business Systems Replacement.
14. The decrease in the 2002-03 Estimated Actual is attributable to the acceleration of depreciation on leasehold improvement assets following the move of a significant part of the department to 33 Charlotte Street, combined with a lower than expected opening asset base caused through lower than anticipated capital acquisitions in 2001-02. The subsequent increase in the 2003-04 Estimate is reflective of planned acquisitions including infrastructure for the OSR Business Systems Replacement, the 33 Charlotte Street leasehold improvement and a Treasury Portfolio Metropolitan Network – refer to Capital Acquisitions Statement.
15. The increase in the 2002-03 Estimated Actual demonstrates a growth in the anticipated proportion of accrued versus paid expenses based on the proportion recognised as accrued in the 2001-02 General Purpose Financial Statements. The increase also reflects the additional expenses contributed by the SSIO. This trend continues through to the 2003-04 Estimate.
16. The 2002-03 Estimated Actual has been revised from the 2002-03 Adjusted Budget to ensure that the provision for recreation leave budgeted is more reflective of the current actual provision recognised by the department.
17. The 2003-04 Estimate displays the provision of an equity injection to fund part of the OSR Business System Replacement project, which forms part of the Information Technology Strategic Plan. This equity injection is partially offset by an equity withdrawal equivalent to the depreciation funding on this same project.

Statement of Cash Flows

18. Refer to 1 above.
19. Refer to 2 above. In addition the anticipated movement in receivables is making an impact (refer to Note 11).
20. Refer to 3 above.
21. Refer to 4 above.
22. Refer to 5 above.
23. Refer to 6 above. In addition the anticipated movement in payables is making an impact (refer to Note 15).
24. Refer to 9 above.
25. Refer to 7 above.
26. Refer to the Capital Acquisition Statement on p1-42.
27. Refer to the Capital Acquisition Statement on p1-42.
28. Refer to note 1 on p1-51.
29. Return of depreciation funding to the Consolidated Fund relating to the OSR Business System Replacement.
30. The 2002-03 Estimated Actual reflects the estimated cash transfer resulting from the Machinery of Government change transferring the Office of Energy to the Department of Innovation, Information Economy, Sport and Recreation Queensland.

Statement of Financial Performance

Expenses and Revenues Administered on Behalf of the Whole of Government

* On 31 December 2002, the Office of Energy ceased to be part of Treasury Department as a result of a Machinery of Government change transferring the Office to the Department of Innovation and Information Economy, Sport and Recreation Queensland. Accordingly the 2002-03 Budget has been adjusted to reflect six months of activity in the Statement of Financial Performance and Statement of Cash Flows, and to exclude the Energy output from balances in the Statement of Financial Position.

31. The increase in the 2002-03 Estimated Actual reflects population and other parameter changes applying to the GST payments to Queensland. The increase in the 2003-04 Estimate reflects expected growth in population and the size of the GST pool.
32. The increase in the 2002-03 Estimated Actual reflects higher stamp duty revenue, particularly those duties related to prices and activity in the housing market. The increase in the 2003-04 Estimate reflects the introduction of the Community Ambulance Cover Levy and growth across a range of taxes, offset in part by expected falls in some taxes consistent with a reduction in housing market activity.
33. The decrease in the 2002-03 Estimated Actual reflects reduced competitive neutrality fees due to the introduction of a revised calculation methodology and lower credit margins.
34. This represents appropriation received from the Consolidated Fund to fund administered expenses (excluding the Casino Funds that are self-funded).
35. The 2002-03 Estimated Actual and the 2003-04 Estimate include the Queensland Investment Corporation management fees for the superannuation investment accounts, which were previously offset against interest revenue.
36. This expense item includes the Fuel Subsidy Scheme and Community Services Obligation payments related to uniform electricity tariffs. Year to year movements are driven by factors such as fuel consumption, electricity pool prices and electricity consumption. The decrease in the 2003-04 Estimate reflects the Machinery of Government transfer of the Energy output to the Department of Innovation and Information Economy, Sport and Recreation Queensland.
37. The increase in the 2002-03 Estimated Actual reflects higher demand for the First Home Owners Grants. The decrease in the 2003-04 Estimate reflects anticipated lower demand for first homes.
38. The Treasurer's Advance Account reflects provisions for items which may emerge during the year. The 2002-03 Estimated Actual is nil as funds are lapsed during the year.
39. In 1999-2000, the Consolidated Fund forward funded \$1.1 billion of employer contributions towards beneficiary payments. The increase in the 2002-03 Estimated Actual and the 2003-04 Estimate represents the recommencement of employer contributions towards beneficiary payments in the second half of 2002-03.
40. The decrease in the 2002-03 Estimated Actual reflects lower borrowing requirements for working capital due to improved cash flow from higher tax revenues during the year.
41. This represents revenues collected on behalf of the Queensland Government, which are transferred to the Consolidated Fund.

Statement of Financial Position

Assets and Liabilities Administered on Behalf of the Whole of Government

42. The increase in the 2002-03 Estimated Actual reflects the conversion of surpluses invested in Queensland Treasury Corporation's investment funds to cash holdings during the year.
43. The decrease in the 2002-03 Estimated Actual is due to the June 2002 closing balance being less than the budgeted position for Super Benefits Payments.
44. The decrease in the 2002-03 Estimated Actual reflects the lower payables to the Government in relation to accrued administered revenue.
45. The decrease in the 2002-03 Estimated Actual reflects lower than expected revenues received in advance.
46. Refer to 40 above. Increased borrowings in 2003-04 reflects borrowings for whole-of-Government working capital and the capital program.

Statement of Cash Flows

Cash Flows Administered on Behalf of the Whole of Government

47. Refer to 34 above.
48. Refer to 31 above.
49. Refer to 32 above.
50. Refer to 33 above.
51. Refer to 41 above.
52. Refer to 36 and 37 above.
53. Refer to 35 above.
54. Refer to 40 above.
55. Refer to 38 and 39 above.
56. Refer to 42 above.
57. Refer to 40 above.
58. The increase in the 2002-03 Estimated Actual reflects the Equity Injection required to facilitate the recapitalisation of Enertrade.
59. Refer to 40 and 58 above.

RECONCILIATION OF 2003-04 APPROPRIATION AMOUNTS TO THE FINANCIAL STATEMENTS

CONTROLLED

Statement of Financial Performance

	\$'000
Output Revenue in Statement of Financial Performance ¹	114,162
<i>Add:</i> Appropriation Funding for Outputs Receivable	<u>..</u>
= Appropriation for Departmental Outputs	114,162
= Output Receipts in Statement of Cash Flows ²	114,162

Statement of Financial Position

	\$'000
Closing balance Contributed Equity ³	18,644
<i>Less:</i> Opening Balance Contributed Equity ³	<u>16,249</u>
= Change in contributed Equity in the Statement of Financial Position	2,395
<i>Add:</i> Appropriation Equity Injection Receivable	..
<i>Less:</i> Non-appropriated Equity Adjustments	<u>..</u>
= Appropriation for Equity Adjustment ⁴	2,395
= Net Appropriated Equity Adjustment in Statement of Cash Flows	2,395

1. This Output Revenue amount reconciles to the Output Revenue line in the Statement of Financial Performance on page 1-45.
2. This Output Revenue amount reconciles to the Output Receipts line in the Statement of Cash Flows on page 1-47.
3. The Contributed Equity amounts reconcile to the Contributed Equity line in the Statement of Financial Position on page 1-46.
4. The Appropriation for Equity Adjustment amount reconciles to the Equity Adjustment line in the Appropriations table on page 1-6.

ADMINISTERED

Statement of Expenses and Revenues Administered on Behalf of the Whole of Government

	\$'000
Administered Item Revenue in Statement of Financial Performance ⁵	1,825,572
<i>Add:</i> Other (Administered) Appropriation Receivable	<u>..</u>
= Appropriation for Administered Expenses ⁶	1,825,572

Statement of Assets and Liabilities Administered on Behalf of the Whole of Government

	\$'000
Closing balance Contributed Equity ⁷	(360,907)
<i>Less:</i> Opening Balance Contributed Equity ⁷	<u>(13,461)</u>
= Change in Contributed Equity in the Statement of Assets and Liabilities administered on behalf of the State Government	<u>(374,368)</u>
<i>Add:</i> Appropriation Equity Injection Receivable	..
<i>Less:</i> Non-appropriated Equity Adjustment	<u>(89,108)</u>
= Appropriation for Administered Equity Adjustment ⁶	(285,260)

5. The Administered Item Revenue amount reconciles to the Administered Item Revenue line in the Statement of Expenses and Revenues Administered on Behalf of the Whole of Government on page 1-48.
6. Total Appropriation for Administered items (\$1.540 billion) = Appropriation for Administered expenses (\$1.826 billion) + Appropriation for Administered Equity Adjustment (\$-285.260 million).
7. The Contributed Equity amounts reconcile to the Contributed Equity line in the Statement of Assets and Liabilities Administered on Behalf of the Whole of Government on page 1-49.

Note: Appropriation for Administered Expenses + Appropriation for Administered Equity Adjustment = total Administered Items (which reconciles to the Administered Items line in the Appropriations table on page 1-6.)

Corporate Services¹ Allocation 2003-04 Estimate (\$'000)

	Total Corporate Services	Financial and Economic Policy	GOC Performance and Governance	Economic and Statistical Research	Taxation	Gambling	Superannuation	Other	Shared Service Implementation
Revenues from ordinary activities									
Output revenue	24,042	9,791	457	2,692	4,388	3,152	838	874	1850
User charges	4,318	1,421	9	156	172	25	2,031	235	269
Grants and other contributions	..	..	..	..	..	..	..	..	..
Other	631	224	2	24	28	4	270	37	42
Total revenues from ordinary activities	28,991	11,436	468	2,872	4,588	3,181	3,139	1,146	2,161
Expenses from ordinary activities									
Employee expenses	15,409	5,994	245	1,536	2,370	1,750	1,790	591	1,133
Supplies and services	8,129	3,309	124	823	1,243	872	786	347	625
Equity return expense	884	347	17	83	164	91	83	34	65
Depreciation and amortisation	3,443	1,351	64	323	628	355	336	131	255
Grants and subsidies	..	..	..	..	..	..	..	..	..
Other	1,126	435	18	107	183	113	144	43	83
Total expenses from ordinary activities excluding borrowing costs expense	28,991	11,436	468	2,872	4,588	3,181	3,139	1,146	2,161
Borrowing costs	..	..	..	..	..	..	..	..	..
Total expenses	28,991	11,436	468	2,872	4,588	3,181	3,139	1,146	2,161
Full Time Equivalents	211	82	4	21	32	23	25	9	15

Note: The purpose of this table is to disclose the Corporate Support Revenue and Expenses provided to individual outputs for the 2002-03 financial year which have been allocated on a "Gross Allocation" basis (i.e. before Inter-Output / Departmental trading).



MINISTERIAL PORTFOLIO STATEMENTS
2003-04 STATE BUDGET

**DEPUTY PREMIER, TREASURER AND
MINISTER FOR SPORT**

MOTOR ACCIDENT INSURANCE ADMINISTRATION

Hon. Terry Mackenroth MP
Deputy Premier, Treasurer
and Minister for Sport

Lesley Anderson
Motor Accident Insurance
Commissioner

OVERVIEW

STRATEGIC ISSUES

Two statutory bodies, the Motor Accident Insurance Commission and the Nominal Defendant, contribute to the Motor Accident Insurance Administration output. This output involves the provision of a viable and equitable personal injury compensation scheme through the regulation of the Queensland Compulsory Third Party (CTP) scheme encompassing injury control and the management of the Nominal Defendant scheme. The key strategic directions of this output include:

- ensuring premium affordability and overall stability of the scheme
- increasing scheme efficiency to ensure the highest possible return of premium dollars reach claimants
- reviewing and recommending the most appropriate structure for the scheme
- maintaining insurance standards through regular and detailed contact with Australian Prudential Regulation Authority as prudential regulator under the *Insurance Act 1973* and the *General Insurance Reform Act 2001* and monitoring the financial strength of licensed insurers through ongoing analysis
- monitoring the operation of the scheme and the management of claims by insurers
- providing education, research and funding initiatives to increase the community's awareness of the scheme and its claims process and to support initiatives that advance accident prevention and injury management and
- funding and managing the claims liabilities of the Nominal Defendant including liabilities arising from the insolvency of FAI General Insurance Company Ltd.

Non-Departmental Output

This Output provides policy advice and services related to the management of the CTP and Nominal Defendant schemes. The delivery of this output contributes to Government priorities and outcomes by:

- supporting improved personal and public safety by funding selected accident prevention initiatives managed by other Government agencies
- contributing to an accessible system of justice and administrative services by maintaining an essentially unlimited common law scheme for claimants
- contributing to socially responsible and safe industry practices by licensing and monitoring the financial strength of licensed insurers through ongoing analysis
- contributing to the health and wellbeing of Queensland people which allows them to engage in community life by promoting research, education and providing rehabilitation services to minimise and mitigate the effects of motor vehicle accidents and
- contributing to improving quality of life by ensuring affordable premiums and maintaining a scheme with fully funded premiums.

Staffing

It is anticipated that full time equivalent staffing numbers for 2003-04 will be 30.

NON-DEPARTMENTAL OUTPUT PERFORMANCE

NON-DEPARTMENTAL OUTPUT: Motor Accident Insurance Administration

DESCRIPTION

The Motor Accident Insurance Commission is responsible for the Motor Accident Insurance Administration Output. It provides a viable and equitable personal injury compensation scheme through the regulation of the Queensland Compulsory Third Party (CTP) scheme encompassing injury prevention and control, and manages the Nominal Defendant scheme.

Activities include:

- keeping the statutory insurance scheme under review and making recommendations for its amendment
- licensing, supervising and monitoring the financial strength of CTP insurers in relation to their CTP operations
- the analysis of trends for the purpose of setting premium bands and recommending levies to the Government
- promoting research and education and monitoring the provision of rehabilitation services
- supporting improved personal and public safety by funding selected accident prevention initiatives managed by other Government agencies
- operating a claims help line and maintaining a claims register and statistical database
- management of claims lodged against the Nominal Defendant Fund arising from uninsured and unidentified vehicles, insolvent insurers, and gratuitous insurance policies and
- administering the Nominal Defendant Fund including valuation of liabilities, determination of the levy and investment of the Fund.

REVIEW OF NON-DEPARTMENTAL OUTPUT PERFORMANCE

Recent Achievements

Recent achievements include:

- release of the *Phase 2 Mitigating Risk Discussion Paper* to stakeholders outlining options for the future operation of the CTP scheme
- monitoring claims trends through increased scheme analysis in a climate of escalating claims costs
- improved liaison with insurers and lawyers on claim management issues and a higher degree of analysis of issues arising
- input into the HIH Royal Commission including a submission to the Royal Commission on Future Policy Directions and provision of a witness statement on HIH/FAI matters
- representation of the Queensland Government's position on the Committee of Inspection for the HIH/FAI liquidation

- transfer of systems hardware and software for the Personal Injury Register and Claims Management System from PricewaterhouseCoopers to Treasury without disruption to internal or external users
- negotiation of a reinsurance contract on favourable terms for the Nominal Defendant in a difficult reinsurance market
- passage of amendments to the *Motor Accident Insurance Act 1994* in the *Treasury Legislation Amendment Act (No.2) 2002* to provide for the expiry of the Goods and Services Tax transitional provisions in relation to CTP and to more closely align provisions of the *Motor Accident Insurance Act 1994* and the *Personal Injuries Proceedings Act 2002* and
- development of the Motor Accident Insurance Amendment Regulation (No.2) 2002 to provide for the introduction of conditional registration in 2003 and a new sharing arrangement between insurers.

Future Developments

During 2003-04, this output will focus on the following key objectives:

- establishing a legislative, regulatory and consultative environment which supports premium affordability and overall stability of the scheme
- reviewing the scheme and recommending the most appropriate structure for mitigating State Government risk in CTP insurance
- pre-planning for management of the remaining FAI claims from July 2004
- managing grant funded projects to ensure scheme related outcomes which advance accident prevention and injury management
- development of policy in relation to emerging issues surrounding long-term care for seriously injured claimants
- policy development in relation to levy and grant funding in a whole-of-Government context
- maintain the overall scheme stability by processes that enhance the competitive premium determination process, by contingency planning to deal with any breach of the affordability index, by streamlining the processes for setting premium bands and maintaining data integrity
- systems redevelopment for the Personal Injury Register and Claims Management System and
- implementation and review of systems related to the expiry of the GST transitional provisions for CTP.

NON-DEPARTMENTAL OUTPUT STATEMENT

Non-Departmental Output: Motor Accident Insurance Administration				
Measures	Notes	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Quantity Number of Nominal Defendant claims finalised		550	550	550
Quality Percentage of premium going to injured persons		70%	67%	70%
Annual certification percentage of Nominal Defendant full funding as at 30 June of the previous year		100%	100%	100%
Timeliness Recommendation to the Treasurer on annual CTP levies by the agreed time frame		100%	100%	100%
Setting of premium bands within legislative timeframes, including independent quarterly actuarial review of scheme		100%	100%	100%
Cost (\$) Average operating cost per Nominal Defendant claim		\$1,004	\$912	\$957
Available funds per CTP policy for grant funding	1	\$0.22	\$0.37	\$0.46
State Contribution (\$'000)		..	..	..
Other Revenue (\$'000)	2	60,555	40,169	61,429
Total Cost (\$'000)		65,012	60,788	58,398
Notes: 1. The increase in the 2002-03 Estimated Actual is primarily due to expenditure for barrister's fees and investment management fees being lower than anticipated. The increase in the 2003-04 Estimate reflects an increase in the Statutory Insurance Scheme Levy from \$1.35 to \$1.50. 2. The decrease in the 2002-03 Estimated Actual results from a lower than expected rate of return on Queensland Investment Corporation investments.				

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE - Motor Accident Insurance Commission

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
Output revenue		..	..	..
User charges		..	..	..
Grants and other contributions		..	..	..
Other	1	6,597	4,275	6,866
Total revenues from ordinary activities		6,597	4,275	6,866
Expenses from ordinary activities				
Employee expenses		1,289	1,208	1,241
Supplies and services	2	1,309	1,126	828
Equity return expense		..	..	..
Depreciation and amortisation		43	33	27
Grants and subsidies	3	5,000	4,564	4,357
Other		177	167	157
Total expenses from ordinary activities excluding borrowing costs expense		7,818	7,098	6,610
Borrowing costs		..	..	..
Surplus or deficit from ordinary activities		(1,221)	(2,823)	256
Extraordinary items		..	..	..
NET SURPLUS OR (DEFICIT)		(1,221)	(2,823)	256
Non-owner transaction changes in equity:				
- Net increase (decrease) in asset revaluation reserve		..	..	..
- Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity		..	..	..
Total revenues, expenses and valuation adjustments recognised directly in equity		(1,221)	(2,823)	256
Total changes in equity other than those resulting from transactions with owners as owner		..	..	..

STATEMENT OF FINANCIAL POSITION - Motor Accident Insurance Commission

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CURRENT ASSETS				
Cash assets		300	300	300
Receivables	4	2,075	(703)	1,413
Other financial assets	5	12,594	12,389	10,150
Inventories		..	..	..
Other		36	10	10
Total current assets		15,005	11,996	11,873
NON-CURRENT ASSETS				
Receivables		1,050	1,050	1,050
Inventories		..	..	..
Other financial assets		10,500	10,500	10,500
Intangibles		487	250	494
Property, plant and equipment		114	147	76
Other		..	..	..
Total non-current assets		12,151	11,947	12,120
TOTAL ASSETS		27,156	23,943	23,993
CURRENT LIABILITIES				
Payables		96	211	212
Interest-bearing liabilities		..	..	..
Provisions		77	71	71
Other		..	..	..
Total current liabilities		173	282	283
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL LIABILITIES		173	282	283
NET ASSETS (LIABILITIES)		26,983	23,661	23,710
EQUITY				
Contributed equity		112	112	112
Retained surpluses (accumulated deficits)	6	10,071	8,484	8,740
Reserves:				
- Asset revaluation reserve		..	..	..
- Other	7	16,800	15,065	14,858
TOTAL EQUITY		26,983	23,661	23,710

STATEMENT OF CASH FLOWS - Motor Accident Insurance Commission

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Output receipts		..	..	..
User charges		..	..	..
Grants and other contributions		..	..	..
Other	8	5,571	3,732	4,750
Outflows:				
Employee costs		(1,287)	(1,208)	(1,241)
Supplies and services		(1,184)	(1,165)	(827)
Grants and subsidies	9	(5,156)	(4,564)	(4,357)
Borrowing costs		..	..	..
Equity return		..	..	..
Other		(177)	(167)	(157)
Net cash provided by (used in) operating activities		(2,233)	(3,372)	(1,832)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	89
Investments redeemed	10	3,795	3,660	2,339
Outflows:				
Payments for property, plant and equipment		(510)	(287)	(256)
Payments for intangibles		..	..	..
Payments for investments	11	(30)	(700)	(340)
Net cash provided by (used in) investing activities		3,255	2,673	1,832
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Outflows:				
Dividends paid		..	..	..
Borrowings redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals	12	(1,022)	..	..
Net cash provided by (used in) financing activities		(1,022)	..	..
Net increase (decrease) in cash held		..	(699)	..
Cash at the beginning of financial year		300	999	300
Cash at the end of financial year		300	300	300

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Statement of Financial Performance

1. The decrease in the 2002-03 Estimated Actual results from a lower than expected rate of return on Queensland Investments Corporation (QIC) investments. The increase in the 2003-04 Estimate includes an increase in the Statutory Insurance Scheme Levy from \$1.35 to \$1.50, effective from 1st July, 2003.
2. The decrease in the 2002-03 Estimated Actual is primarily due to expenditure for barrister's fees and investment management fees being lower than anticipated. The decrease in the 2003-04 Estimate is the result of anticipated lower computer expenses and legal fees.
3. The decrease in the 2002-03 Estimated Actual and the 2003-04 Estimate is in relation to the cessation of recurrent grants over the next few years.

Statement of Financial Position

4. The decrease in the 2002-03 Estimated Actual results from a lower than expected rate of return on QIC investments. The rate of return for the 2003-04 Estimate is expected to be higher than the 2002-03 rate, resulting in the increase in receivables.
5. The decrease in the 2003-04 Estimate primarily reflects the reduction in investments as a result of negative investment earnings in 2002-03.
6. The decrease in the 2002-03 Estimated Actual has occurred as a result of a greater than anticipated net deficit in 2001-02 and a greater net deficit than originally budgeted for in 2002-03 due to negative investment returns. The subsequent increase in the 2003-04 Estimate results from an anticipated net surplus.
7. Refer to Note 3 above.

Statement of Cash Flows

8. The decrease in the 2002-03 Estimated Actual reflects the receipts of lower than expected interest earned in 2001-02. The increase in the 2003-04 Estimate reflects the receipts of higher interest earnings expected in 2002-03 compared to 2001-02 as well as an increase in the Statutory Insurance Scheme Levy.
9. Refer to Note 3 above.
10. The decrease in the 2003-04 Estimate reflects an expected decrease in drawdowns as a result of an anticipated reduction in operating expenses.
11. The increase in the 2002-03 Estimated Actual has occurred as a result of a higher opening cash balance than estimated for 2002-03. The 2003-04 Estimate primarily reflects the reinvestment of an anticipated net surplus in 2003-04.
12. The 2002-03 Budget reflects an incorrect classification of a movement in equity.

FINANCIAL STATEMENTS

Statement of Financial Performance – Nominal Defendant

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
User charges		..	..	..
Grants and other contributions		..	..	..
Other	1	53,958	35,894	54,563
Total revenues from ordinary activities		53,958	35,894	54,563
Expenses from ordinary activities				
Employee expenses		696	664	701
Supplies and services	2	33,838	35,213	37,669
Depreciation and amortisation		21	27	38
Grants and subsidies		..	..	..
Other	3	23	17,786	13,380
Total expenses from ordinary activities excluding borrowing costs expense		34,578	53,690	51,788
Borrowing costs		..	..	..
Surplus or deficit from ordinary activities		19,380	(17,796)	2,775
Extraordinary items	4	22,616	..	..
NET SURPLUS OR DEFICIT		(3,236)	(17,796)	2,775
Non-owner transaction changes in equity:				
- Net increase (decrease) in asset revaluation reserve		..	..	..
- Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognized as a direct adjustment to equity		..	..	..
Total revenues, expenses and valuation adjustments recognized directly in equity		(3,236)	(17,796)	2,775
Total changes in equity other than those resulting from transactions with owners as owner		..	..	..

Statement of Financial Position – Nominal Defendant

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CURRENT ASSETS				
Cash assets		300	300	300
Receivables	5	9,897	30,074	45,005
Other financial assets	6	44,942	32,843	22,830
Inventories		..	..	..
Other	7	155	..	..
Total current assets		55,294	63,217	68,135
NON-CURRENT ASSETS				
Receivables		..	..	..
Inventories		..	..	..
Other financial assets	8	141,927	104,003	116,545
Intangibles		18	86	218
Property, plant and equipment		85	119	45
Other		..	..	..
Total non-current assets		142,030	104,208	116,808
TOTAL ASSETS		197,324	167,425	184,943
CURRENT LIABILITIES				
Payables		684	821	821
Interest-bearing liabilities		..	..	..
Provisions	9	83,478	81,349	63,373
Other	10	14,125	23,183	23,716
Total current liabilities		98,287	105,353	87,910
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Provisions	11	264,342	257,467	200,545
Other		..	..	..
Total non-current liabilities		264,342	257,467	200,545
TOTAL LIABILITIES		362,629	362,820	288,455
NET ASSETS (LIABILITIES)		(165,305)	(195,395)	(103,512)
EQUITY				
Contributed equity	12	224,888	184,146	273,254
Retained surpluses (accumulated deficits)	13	(390,193)	(379,541)	(376,766)
Reserves:				
- Asset revaluation reserve		..	..	..
- Other		..	..	..
TOTAL EQUITY		(165,305)	(195,395)	(103,512)

Statement of Cashflows – Nominal Defendant

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Output receipts		..	..	..
User charges		..	..	..
Grants and other contributions		..	..	..
Other	14	46,047	39,375	40,165
Outflows:				
Employee costs		(695)	(663)	(701)
Supplies and services	15	(139,454)	(132,094)	(125,929)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		(23)	(39)	(18)
Net cash provided by (used in) operating activities		(94,125)	(93,421)	(86,483)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	75
Investments redeemed	16	107,402	93,739	89,875
Outflows:				
Payments for property, plant and equipment		(41)	(129)	(159)
Payments for intangibles		..	..	..
Payments for investments	17	(108,636)	(39,715)	(92,416)
Net cash provided by (used in) investing activities		(1,275)	53,895	(2,625)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity Injections	18	95,400	39,107	89,108
Outflows:				
Dividends paid		..	..	..
Borrowings redemptions		..	..	..
Finance lease payments		..	..	..
Equity Withdrawals		..	..	..
Net cash provided by (used in) financing activities		95,400	39,107	89,108
Net increase (decrease) in cash held		..	(419)	...
Cash at the beginning of financial year		300	719	300
Cash at the end of financial year		300	300	300

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Statement of Financial Performance

1. The decrease in the 2002-03 Estimated Actual results from a lower than expected rate of return on investments.
2. The increase in the 2002-03 Estimated Actual and 2003-04 Estimate is primarily due to an increase in Nominal Defendant claims costs.
3. The increase in the 2002-03 Estimated Actual is due to a change in the treatment of FAI General Insurance Company Ltd claims and operating costs from an extraordinary item. The decrease in the 2003-04 Estimate reflects an anticipated lower payout of FAI General Insurance Company Ltd claims liabilities.
4. Refer to Note 3 above.

Statement of Financial Position

5. The 2002-03 Estimated Actual includes a reimbursement from Treasury for the payment of FAI claims liabilities. The rate of return for the 2003-04 Estimate is expected to be higher than the 2002-03 rate resulting in the increase in receivables.
6. The decrease in the 2002-03 Estimated Actual primarily reflects the reduction in investments as a result of negative investment earnings in 2002-03. The decrease in the 2003-04 Estimate predominantly reflects the impact of negative investment earnings from the prior year and the reclassification of the current/non-current investments to align with apportionment of the outstanding claims provision (see Note 8 below).
7. The 2002-03 Budget reflects a GST receivable which was received during the year.
8. The decrease in the 2002-03 Estimated Actual and the 2003-04 Estimate reflects the reclassification of the current/non-current investments to align with the apportionment of the outstanding claims provision.
9. The decrease in the 2002-03 Estimated Actual has occurred as a result of a lower opening provision for outstanding claims balance in 2002-03. The decrease in the 2003-04 Estimate reflects the payment of the FAI Tail claims together with the reclassification of the current/non-current provisions to align with the audited opening balance apportionment.
10. The increase in the 2002-03 Estimated Actual has occurred as a result of a higher than anticipated unearned levy revenue due to an increase in the Nominal Defendant Levy.
11. Refer to Note 9 above.
12. The decrease in the 2002-03 Estimated Actual reflects a decrease in the reimbursement from Treasury for FAI claims liabilities as a result of a decision to utilise surplus Nominal Defendant funds to meet FAI claims during 2002-03. The increase in the 2003-04 Estimate includes the addition of the 2003-04 reimbursement from Treasury to the accumulated balance.
13. The increase in the 2002-03 Estimated Actual has occurred as a result of a higher than anticipated retained surplus in 2001-02 together with a higher than expected net deficit in 2002-03 due to a projected shortfall in investment earnings.

Statement of Cash Flows

14. The decrease in the 2002-03 Estimated Actual reflects the receipts of lower than expected interest earned in 2001-02. The increase in the 2003-04 Estimate reflects the receipts of increased levy revenue due to projected growth in numbers of CTP policies.
15. The decrease in the 2002-03 Estimated Actual and the 2003-04 Estimate reflects a lower than anticipated payout of FAI claims liabilities as a result of the run-off of the FAI Tail.
16. Refer to Note 15 above.
17. Refer to Note 12 above.
18. Refer to Note 12 above.



MINISTERIAL PORTFOLIO STATEMENTS

2003-04 STATE BUDGET

**DEPUTY PREMIER, TREASURER AND
MINISTER FOR SPORT**

**SPORT AND RECREATION QUEENSLAND
QUEENSLAND ACADEMY OF SPORT**

**Hon. Terry Mackenroth MP
Deputy Premier, Treasurer and
Minister for Sport**

**Scott Flavell
Director-General**

This Ministerial Portfolio Statement (MPS) includes financial and performance information for Sport and Recreation Queensland and the Queensland Academy of Sport which report to the Deputy Premier, Treasurer and Minister for Sport. Information relating to Sport and Recreation Queensland and the Queensland Academy of Sport also appears in the MPS for the Minister for Innovation and Information Economy.

DEPARTMENTAL OVERVIEW

STRATEGIC ISSUES

The following factors are influencing the nature, shape and delivery of the department's sport and recreation services and products:

- there is a growing body of evidence linking diminishing levels of physical activity with increasing incidence of health disorders in our communities, particularly for children and young people
- the changing demographics of Queensland, increasing competition from the electronic leisure and entertainment industry, and changing work and family patterns are contributing to reduced levels of participation in sport and recreation and the numbers of volunteers who contribute to clubs and associations
- an expected average population growth for Queensland of 1.7% by 2011 will place pressure on all levels of government to meet competing demands for a variety of community sport and active recreation infrastructure and services that are convenient and easily accessible
- better targeted and more responsive sport and active recreation opportunities and services need to be developed for specific groups in the community which experience low participation rates e.g. Aboriginal and Torres Strait Islanders, women, people from non-english speaking backgrounds, people aged over 55
- sport and recreation facilities and events are emerging as significant generators of tourism and economic opportunities. The challenge is to build on the State's success in attracting major events, elite athlete training and competition to Queensland
- an increasingly complex operating environment, along with a range of systemic issues (such as a declining volunteer base and diverse capabilities across the sport and recreation sector) are presenting major challenges for sport and recreation organisations in terms of maintaining viability and providing opportunities for improving community participation rates.

2003-04 HIGHLIGHTS

Key priorities for 2003-04 include:

- motivating children and youth to participate in physical activity through the *Get Active Children and Young People Strategy*
- completing the development of a North Queensland Sports House facility at the Townsville Sports Reserve
- finalising the redevelopment of the Tallebudgera Outdoor Recreation Centre as an aquatic centre of excellence

- in partnership with key stakeholders, maximising the opportunities from the staging of the Rugby World Cup 2003 to promote Queensland as a premier sport and recreation destination
- developing a Centre of Excellence for Applied Sport Science Research, within the Queensland Academy of Sport (QAS), which will provide funding for applied research, coordinate an industry placement program and sponsor the development of specialised equipment
- assisting Queensland's elite athletes prepare for the Athens 2004 Olympic and Paralympic Games
- relocating the QAS to the Queen Elizabeth II Stadium as an integrated centre of excellence to improve elite athlete development services
- supporting the conduct of the Lexmark Indy 300 motor race for a further five years to 2008.

OUTPUT PERFORMANCE

OUTPUT: Services, Infrastructure and Facilities to Queensland

DESCRIPTION

The department develops policies and strategies, administers funding and delivers programs and services which seek to encourage participation in physical activity – from unstructured recreation to the highly organised and competitive environment of elite sport.

REVIEW OF OUTPUT PERFORMANCE

Recent Achievements

Key recent achievements for Sport and Recreation have been:

- finalised *Get Active Queensland (A Strategic Framework for Physical Activity)* as a whole of Government strategy to foster increased community participation in physical activity
- developed and supported targeted sport and recreation programs and services for groups within the community which traditionally experience low participation rates (including Aboriginal and Torres Strait Islanders, women and people aged over 55)
- supported the development and delivery of sport and recreation infrastructure, services and opportunities in communities across Queensland through the administration of the department's participation and facility development programs
- progressed Stage 2 of the redevelopment of the Tallebudgera Outdoor Recreation Centre as an aquatic "Centre of Excellence". Stage 2 involves the provision of a new central dining facility, seminar and administration building, accommodation and equipment storage
- finalised Stage 4 of the redevelopment of the Townsville Sports Reserve as a major regional athletics and rugby league venue. Preliminary works were also undertaken to develop an integrated Sports House facility at the reserve to accommodate the department's North Queensland regional staff and regional sporting organisations
- supported the development of Queensland's sport and recreation organisations at the State and local levels and their capacity to provide services and opportunities for communities to participate in physical activity, through the provision of services and administration of funding programs
- continued to deliver coaching and officiating programs and tools (including forums, workshops, training resources [including distance learning] and mentoring opportunities) to support the development of the skills and capabilities of coaches, instructors, officials and volunteers across the State
- supported the development of employment opportunities in the sport and recreation industry through the placement of over 50 trainees in sporting organisations

- in partnership with the Stadium Redevelopment Authority, monitored the completion of the redevelopment of Suncorp Stadium as a world-class rectangular sports venue and managed the transition of the redeveloped stadium to the Major Sports Facilities Authority
- managed the development of amendments to the *Indy Car Grand Prix Act 1990* to better facilitate the conduct of an annual motor racing event on the Gold Coast
- continued to promote the State's international standard sport and recreation facilities and related services as the basis for attracting international and national training and competition (and their associated economic returns) to Queensland
- in partnership with the Queensland Events Corporation, secured 12 Rugby World Cup matches (including two quarter final matches) for Queensland
- developed new sports drug testing legislation which provides a framework for testing for inappropriate drug use by State level athletes
- supported 43 Queensland Academy of Sport (QAS) athletes prepare for and perform at the Manchester Commonwealth Games – where QAS trained athletes achieved 51 medals.

Future Developments

Priority objectives for the coming year are:

- develop and implement a public education and promotional campaign to enhance community awareness of the benefits of participating in regular physical activity
- establish a monitoring program for the implementation of *Get Active Queensland (A Strategic Framework for Physical Activity)* to assess the impact of specific actions on fostering increased participation in sport and recreation
- finalise the redevelopment of the Tallebudgera Outdoor Recreation Centre and the Townsville Sports House facility as key regional sport and recreation facilities
- deliver the *Get Active Children and Young People Strategy*, providing a range of educative and promotional tools for parents, teachers and early childhood carers to support and encourage children and youth to participate in sport and active recreation
- continue support for the development and delivery of sport and recreation infrastructure, services and opportunities in communities across Queensland through the department's participation and facility development programs
- continue to support the development of Queensland's sport and recreation organisations at the State and local levels and their capacity to provide services and opportunities for communities to participate in physical activity through the provision of services and administration of funding programs
- in partnership with key stakeholders, maximise opportunities from the staging of the Rugby World Cup 2003 to promote Queensland as a premier sport and recreation destination

- host international delegations and promote Queensland's sport and recreation facilities to attract international and national teams to utilise the State's facilities for training and competition in the lead up to the Melbourne Commonwealth Games in 2006 and the Beijing Olympics in 2008
- develop a Centre of Excellence for Applied Sport Science Research within the Queensland Academy of Sport, which will provide funding for applied research, coordinate an industry placement program and sponsor the development of specialised equipment
- continue to progress the regionalisation program at the QAS to provide better access for elite athletes to training and competition, irrespective of their location in Queensland
- manage the refurbishment of part of the Western Stand at the Queen Elizabeth II Stadium to accommodate the QAS as an integrated centre of excellence for elite athlete development services
- continue the *QAS Talent Search* program to identify talented young athletes who demonstrate the potential to participate in a particular Olympic sport
- assist Queensland's elite athletes prepare for the Athens 2004 Olympic and Paralympic Games.

OUTPUT STATEMENT

Output: Services, Infrastructure and Facilities to Queensland				
Measures	Notes	2002-03 Target/Est.	2002-03 Est. Actual	2003-04 Target/Est.
Quantity				
Number of athletes assessed by the Talent Search program in Queensland		7,500	7,800	8,000
Number of schools visited by QAS athletes.		100	107	100
Percentage of QAS athletes selected for national teams	1	15%	26%	15%
Number of national and international sporting teams choosing Queensland as their preferred location for training		20	20	24
Number of Queenslanders participating in the department's sport and recreation participation programs	2	3,050	22,740	69,550
Number of Queenslanders participating in the department's sport and recreation skills programs	3	2,200	2,160	6,172
Quality				
Number of athletes meeting or exceeding their personal development goals in relation to the <i>Get Active Queensland Schools Program</i>		80%	81%	80%
Average satisfaction rating, on a scale of 1-5, of surveyed participants in sport and recreation skills programs	4	New Measure	New Measure	4
Average satisfaction rating, on a scale of 1-5, of surveyed participants in sport and recreation participation programs	5	New Measure	New Measure	4
Location				
Number of QAS athletes training and residing in regional Queensland	6	380	290	300
Cost (\$)				
Investment in sport and recreation infrastructure in Queensland	7	\$41.9M	\$40.9M	\$38.284M
Total investment in sport and recreation participation and development programs	8	\$12M	\$12M	\$15.86M
State Contribution (\$'000)		128,819	120,432	125,888
Other Revenue (\$'000)		3,387	12,744	4,308
Total Cost (\$'000)		132,206	133,176	130,196

Notes:

1. The percentage of Queensland Academy of Sport (QAS) athletes selected for national teams was higher than expected due to a) national sporting organisations selecting larger teams in a non-Olympic year and b) QAS athletes are particularly strong in Commonwealth Games sports.
2. The following programs were originally identified to contribute to this measure in 2002-2003: Currimundi Outdoor Recreation Centre and Just Walk It. 2002-2003 Estimated Actual higher than 2002-2003 Target due to the inclusion of the Get Active Queensland Schools Program. For 2003-2004 the measure has been expanded further to include: all Recreation Centres, Just Walk It and the continuation of the Get Active Queensland Schools Program.
3. The following programs were originally identified to contribute to this measure in 2002-2003: Locker Rooms, Regional Conferences, Rural/Remote Coach Mentor Program, Teacher Coach Accreditation Program, Thanks Coach Thanks Ref, the Sport and Recreation Traineeships Program. For 2003-2004 the measure now includes: the Teacher Coach Accreditation Program, Regional Conferences, Locker Rooms and the Sport and Recreation Traineeships Program.
4. The following programs will contribute to this measure in 2003-2004: the Teacher Coach Accreditation Program, Regional Conferences, Locker Rooms and the Sport and Recreation Traineeships Program.
5. The following programs will contribute to this measure in 2003-2004: Recreation Centres, Just Walk It and the Get Active Queensland Schools Program.
6. 2002-03 target was set prior to confirmation of agreements with State sporting organisations regarding the implementation and operation of the QAS Regionalisation program. The number of athletes training and residing in Queensland is expected to increase in future years.
7. 2003-04 Target lower than 2002-03 Target and Estimated Actual primarily due to the inclusion of deferrals from 2001-02 in 2002-03.
8. The following programs contributed to the measure: Club Development Program; Indigenous Community Development Program; Teacher Coach Accreditation Program; Rural Regional Coach Mentor Program; Traineeship Assistance Package; Local Government Development Program; Locker Rooms; Regional Conferences; Just Walk It; Get Active Queensland Schools Program.

Output Statement of Financial Performance – Services, Infrastructure and Facilities to Queensland

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
Output revenue	1	128,819	120,432	125,888
User charges	2	1,855	1,820	2,526
Grants and other contributions		1,058	1,260	1,158
Other	3	474	9,664	624
Total revenues from ordinary activities		132,206	133,176	130,196
Expenses from ordinary activities				
Employee expenses	4	20,186	19,599	21,923
Supplies and services	5	24,356	20,850	21,022
Equity return expense		4,393	5,153	6,221
Depreciation and amortisation	6	1,548	3,340	3,955
Grants and subsidies	7	79,241	72,487	73,695
Other		2,482	2,542	2,996
Total expenses from ordinary activities excluding borrowing costs		132,206	123,971	129,812
Borrowing costs	8	..	50	384
Surplus or deficit from ordinary activities	9	..	9,155	..
Extraordinary items		..	..	..
NET SURPLUS OR DEFICIT		..	9,155	..

Notes:

- Variations reflect that Output revenue is directly proportional to Total Operating Expenses for Outputs, material variations in which are explained below.
- 2003-04 Estimate higher than 2002-03 Budget and Estimated Actual primarily due to an anticipated increase in demand for services at outdoor recreation centers (in particular as a result of the redevelopment of the Tallebudgera Outdoor Recreation Centre) and a change in catering contract management arrangements at certain outdoor recreation centers.
- 2002-03 Estimated Actual higher than 2002-03 Budget and 2003-04 Estimate due to the accounting treatment for the recognition of the transfer of the Townsville Sports Reserve to the department from the former Townsville Sports Reserve Trust.
- 2003-04 Estimate higher than 2002-03 Budget and Estimated Actual primarily due to the expansion of services at the Tallebudgera Outdoor Recreation Centre, additional Indigenous advisors for Far North Queensland, the employment of staff to manage the Townsville Sports Reserve and salary increases under the new core Enterprise Bargaining Agreement.
- 2002-03 Estimated Actual lower than 2002-03 Budget primarily due to reallocation of funding to depreciation to meet expenses arising from the revaluation of assets at Sport and Recreation Queensland facilities and a reallocation to grants and subsidies to meet funding commitments.
- 2002-03 Estimated Actual higher than 2002-03 Budget primarily due to reallocation of funding from supplies and services to meet depreciation expenses arising from the revaluation of assets at Sport and Recreation Queensland facilities.
- 2002-03 Estimated Actual lower than 2002-03 Budget primarily due to deferrals from 2002-03 to 2003-04 to better align funding with anticipated draw downs by grant recipients. 2003-04 Estimate lower than 2002-03 Budget primarily due to the deferral estimates included in the 2003-04 Estimate being lower than the deferral estimates included in the 2002-03 Budget, offset partly by increases in a range of grant and subsidy programs to better align funding with anticipated draw downs by grant and subsidy recipients.
- 2003-04 Estimate higher than 2002-03 Budget and Estimated Actual primarily due to interest costs on borrowings to fund capital acquisitions.
- 2002-03 Estimated Actual higher than 2002-03 Budget and 2003-04 Estimate due to the accounting treatment for the recognition of the transfer of the Townsville Sports Reserve to the department from the former Townsville Sports Reserve Trust.

ADMINISTERED ITEMS

GOLD COAST EVENTS COMPANY

The Gold Coast Events Company (GCEC) is a Government owned company established as the vehicle for holding and managing the Government's 50% ownership of the Gold Coast Motor Events Company (GCMEC), which conducts the annual IndyCar event on the Gold Coast.

The event is the 18th race of the 20-round FEDEX Championship Auto Racing Teams (CART) Inc. World Series. It is staged annually on the streets of Surfers Paradise on the Gold Coast.

The four day event is conducted under a partnership arrangement between GCEC and International Management Group of America Pty Ltd (IMG). Under the terms of the partnership agreement, IMG manages the operations of the event and underwrites any losses.

The State Government provides a non-refundable grant to the race organisers to assist with the staging of the event. The Government will contribute \$10.8 million towards the staging of the 2004 event.

The event provides a significant economic return to Queensland. It is estimated by GCMEC the 2002 event generated approximately \$50 million in economic benefits to the State. The 2002 event generated record crowds, with more than 297,835 people attending the event over four days.

The GCMEC and CART have recently finalised a five-year extension to the event agreement which will see the Indy Event hosted on the Gold Coast to and including 2008. A new naming rights sponsor, Lexmark, has also been negotiated.

Financial Statements in relation to Administered Items appear on pages 3-16 to 3-18 of this document.

CAPITAL ACQUISITIONS

CAPITAL WORKS IN OUTDOOR RECREATION CENTRES

In 2003-04, capital works associated with the outdoor recreation centres will include finalising the three year, \$18 million redevelopment of the Tallebudgera Outdoor Recreation Centre, as well as maintaining and enhancing infrastructure and facilities in other outdoor recreation centres.

TOWNSVILLE SPORTS HOUSE

\$1.95 million has been allocated for the development of the Townsville Sports House to accommodate regional sporting organisations and the department's North Queensland regional staff.

OTHER DEPARTMENTAL PROPERTY, PLANT AND EQUIPMENT

The departmental plant and equipment asset base consists primarily of computer equipment and other information technology assets (computers on desks and the supporting network infrastructure). Capital funding is used to meet the planned, cyclical replacement of these assets. The department depends on its information technology infrastructure to deliver better services and products to its clients in Brisbane and regional Queensland.

The department reviews capital requirements annually to align capital investment decisions with forward estimates and to ensure a level of investment that optimises asset usage and meets business objectives.

CAPITAL ACQUISITION STATEMENT

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
<u>PROPERTY PLANT AND EQUIPMENT</u>				
Property Plant and Equipment				
Redevelopment of the Tallebudgera Outdoor Recreation Centre		7,000	7,397	7,000
Townsville Sports House	1	..	50	1,950
Townsville Sports Reserve Redevelopment	2	..	1,000	..
Outdoor Recreation Centres	3	1,034	1,024	3,084
Other acquisitions of property, plant and equipment	4	1,565	625	884
TOTAL PROPERTY PLANT AND EQUIPMENT		9,599	10,096	12,918
<u>OTHER CAPITAL ACQUISITIONS</u>				
Other Capital Acquisitions		..	..	..
Other Items		..	..	..
TOTAL OTHER CAPITAL ACQUISITIONS				
TOTAL CAPITAL ACQUISITIONS		9,599	10,096	12,918
<u>FUNDING SOURCES OF ACQUISITIONS</u>				
Equity Adjustment	5	..	85	9,517
Funding for depreciation and amortisation	6	1,548	3,340	3,955
Borrowings	7	8,051	6,756	..
Proceeds of asset sales		..	..	..
Other	8	..	(85)	(554)
TOTAL FUNDING SOURCES		9,599	10,096	12,918
Notes:				
1. 2003-04 Estimate higher than 2002-03 Budget and Estimated Actual reflects that construction of the Townsville Sports House adjacent to the Townsville Sports Reserve will occur in 2003-04.				
2. 2002-03 Estimated Actual higher than 2002-03 Budget primarily because the Townsville Sports Reserve became an asset of the department on 1 July 2002 and works on the reserve became part of the Department's capital acquisition statement. 2003-04 Estimate lower than 2002-03 Estimated Actual due to works associated with the final stage of the redevelopment being completed in the current financial year.				
3. 2003-04 Estimate higher than 2002-03 Budget and Estimated Actual reflects a better alignment of capital works at the Outdoor Recreation Centres as a result of the revaluation of assets.				
4. 2002-03 Estimated Actual lower than 2002-03 Budget reflects the realignment of funding with the planned cyclical replacement of plant and equipment in Departmental offices and outdoor recreation centres.				
5. 2003-04 Estimate higher than 2002-03 Budget and Estimated Actual primarily reflects the provision of appropriated equity injection to replace borrowings as a funding source for capital acquisitions.				
6. 2002-03 Estimated Actual higher than 2002-03 Budget primarily due to reallocation of funding to meet depreciation expenses arising from revaluation of assets at Sport and Recreation Queensland facilities.				
7. 2003-04 Estimate lower than 2002-03 Budget and Estimated Actual primarily reflects the replacement of borrowings as a funding source for capital acquisitions with appropriated equity injection.				
8. 2002-03 Estimated Actual lower than 2002-03 Budget reflects an increase in the outflow of equity funding used for the repayment of borrowings taken out in 2002-03.				

**DEPARTMENTAL
FINANCIAL
STATEMENTS**

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues from ordinary activities				
Output revenue	1	128,819	120,432	125,888
User charges	2	1,855	1,820	2,526
Grants and other contributions		1,058	1,260	1,158
Other	3	474	9,664	624
Total revenues from ordinary activities		132,206	133,176	130,196
Expenses from ordinary activities				
Employee expenses	4	20,186	19,599	21,923
Supplies and services	5	24,356	20,850	21,022
Equity return expense	6	4,393	5,153	6,221
Depreciation and amortisation	7	1,548	3,340	3,955
Grants and subsidies	8	79,241	72,487	73,695
Other		2,482	2,542	2,996
Total expenses from ordinary activities excluding borrowing costs expense		132,206	123,971	129,812
Borrowing costs	9	..	50	384
Surplus or deficit from ordinary activities	10	..	9,155	..
Extraordinary items				
NET SURPLUS OR DEFICIT		..	9,155	..
Non-owner transaction changes in equity:				
- Net increase (decrease) in asset revaluation reserve		..	..	..
- Net amount of each revenue, expense, valuation or other adjustment not disclosed above recognised as a direct adjustment to equity		..	..	..
	
Total revenues, expenses and valuation adjustments recognised directly in equity		..	..	..
Total changes in equity other than those resulting from transactions with owners as owners		..	..	..

STATEMENT OF FINANCIAL POSITION

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CURRENT ASSETS				
Cash assets	1	450	71	71
Receivables		3,381	3,046	3,046
Inventories		..	..	..
Other		8	13	13
Total current assets		3,839	3,130	3,130
NON-CURRENT ASSETS				
Receivables		..	..	..
Inventories		..	..	..
Other financial assets		..	..	..
Intangibles		..	..	..
Property, plant and equipment	2	76,774	128,336	137,299
Other		..	..	..
Total non-current assets		76,774	128,336	137,299
TOTAL ASSETS		80,613	131,466	140,429
CURRENT LIABILITIES				
Payables	3	2,450	567	567
Interest-bearing liabilities	4	8,051	..	..
Provisions		1,313	1,417	1,417
Other		222	206	206
Total current liabilities		12,036	2,190	2,190
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities	5	..	6,732	6,178
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		..	6,732	6,178
TOTAL LIABILITIES		12,036	8,922	8,368
NET ASSETS (LIABILITIES)		68,577	122,544	132,061
EQUITY				
Contributed equity	6	68,577	69,767	79,284
Retained surpluses (accumulated deficits)	7	..	7,711	7,711
Reserves:				
- Asset revaluation reserve	8	..	45,066	45,066
- Other (specify)		..	..	..
TOTAL EQUITY		68,577	122,544	132,061

STATEMENT OF CASH FLOWS

	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Output receipts	1	128,819	122,781	125,888
User charges	2	1,855	1,820	2,526
Grants and other contributions		1,058	1,260	1,158
Interest received		474	474	553
Other		4,781	4,291	4,238
Outflows:				
Employee costs	3	(20,186)	(19,599)	(21,923)
Supplies and services	4	(24,356)	(23,198)	(21,022)
Grants and subsidies	5	(79,241)	(72,487)	(73,695)
Borrowing costs	6	..	(50)	(384)
Equity return	7	(4,393)	(5,153)	(6,221)
Other		(7,263)	(6,709)	(7,163)
Net cash provided by (used in) operating activities		1,548	3,430	3,955
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Outflows:				
Payments for property, plant and equipment	8	(9,599)	(10,576)	(12,918)
Payments for intangibles		..	..	..
Payments for investments		..	..	..
Net cash provided by (used in) investing activities		(9,599)	(10,576)	(12,918)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	9	8,051	6,732	..
Equity injections	10	..	565	9,517
Outflows:				
Dividends paid		..	..	..
Borrowing redemptions	11	..	(85)	(554)
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by (used in) financing activities		8,051	7,212	8,963
Net Increase (decrease) in cash held		..	66	..
Cash at the beginning of financial year		450	5	71
Cash at the end of financial year		450	71	71

STATEMENT OF FINANCIAL PERFORMANCE

EXPENSES AND REVENUES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
Revenues				
Commonwealth grants		..	..	..
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial revenue		..	..	..
Interest		..	..	..
Administered item revenue	1	15,890	15,890	11,480
Other		..	..	..
Total revenues		15,890	15,890	11,480
Expenses excluding borrowing costs				
Supplies and services		..	..	..
Depreciation and amortisation		690	690	680
Grants and subsidies	1	15,200	15,200	10,800
Benefit payments		..	..	..
Other		..	..	..
Total expenses excluding borrowing costs		15,890	15,890	11,480
Borrowing costs		..	..	..
Surplus or deficit before extraordinary items		..	..	..
Extraordinary items		..	..	..
Net surplus or deficit before transfers to Government		..	..	..
Transfers of Administered Revenue to Government		..	..	..
NET SURPLUS OR DEFICIT		..	..	..

STATEMENT OF FINANCIAL POSITION

ASSETS AND LIABILITIES ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CURRENT ASSETS				
Cash assets		..	..	..
Receivables		..	..	..
Inventories		..	..	..
Other		..	..	..
Total current assets		..	..	..
NON-CURRENT ASSETS				
Receivables		..	..	..
Inventories		..	..	..
Other financial assets		..	..	..
Intangibles		..	..	..
Property, plant and equipment	1	739	690	..
Other		..	..	..
Total non-current assets		739	690	..
TOTAL ADMINISTERED ASSETS		739	690	..
CURRENT LIABILITIES				
Payables		..	..	..
Transfers to Government payable		..	..	..
Interest-bearing liabilities		..	..	..
Other		..	..	..
Total current liabilities		..	..	..
NON-CURRENT LIABILITIES				
Payables		..	..	..
Interest-bearing liabilities		..	..	..
Other		..	..	..
Total non-current liabilities		..	..	..
TOTAL ADMINISTERED LIABILITIES		..	..	..
ADMINISTERED NET ASSETS (LIABILITIES)		739	690	..
EQUITY				
Contributed equity	1	739	690	..
Retained surpluses (accumulated deficits)		..	..	..
Reserves:				
- Asset revaluation reserve		..	..	..
- Other (specify)		..	..	..
TOTAL ADMINISTERED EQUITY		739	690	..

STATEMENT OF CASH FLOWS

CASH FLOWS ADMINISTERED ON BEHALF OF THE WHOLE OF GOVERNMENT	Notes	2002-03 Budget \$'000	2002-03 Est. Act. \$'000	2003-04 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Administered item receipts	1	15,890	15,890	11,480
Grants and other contributions		..	..	..
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial revenues		..	..	..
Other		..	..	..
Outflows:				
Transfers to Government		..	..	..
Grants and subsidies	1	(15,200)	(15,200)	(10,800)
Supplies and services		..	..	..
Borrowing costs		..	..	..
Other items		..	..	..
Net cash provided by (used in) operating activities		690	690	680
CASHFLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Outflows:				
Payments for property, plant and equipment		..	..	..
Payments for intangibles		..	..	..
Payments for investments		..	..	..
Net cash provided by (used in) investing activities		..	..	..
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings		..	..	..
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		(690)	(690)	(680)
Net cash provided by (used in) financing activities		(690)	(690)	(680)
Net increase (decrease) in cash held		..	..	..
Administered cash at beginning of financial year		..	..	..
Administered cash at end of financial year		..	..	..

EXPLANATION OF VARIANCES IN THE FINANCIAL STATEMENTS

Statement of Financial Performance

Major variations between 2002-03 Budget and 2002-03 Estimated Actual include:

1. 2002-03 Estimated Actual lower than 2002-03 Budget primarily due to deferral of funding from 2002-03 to 2003-04 to better align funding with service delivery commitments and the anticipated draw down of funding by grant recipients.
3. 2002-03 Estimated Actual higher than 2002-03 Budget due to the accounting treatment for the recognition of the transfer of the Townsville Sports Reserve to the department from the former Townsville Sports Reserve Trust.
5. 2002-03 Estimated Actual lower than 2002-03 Budget primarily due to reallocation of funding to depreciation to meet expenses arising from the revaluation of assets at Sport and Recreation Queensland facilities and a reallocation to grants and subsidies to meet funding commitments.
6. 2002-03 Estimated Actual higher than 2002-03 Budget due to the increase in value of net assets in the Statement of Financial Position arising primarily from the revaluation of assets at Sport and Recreation Queensland facilities.
7. 2002-03 Estimated Actual higher than 2002-03 Budget primarily due to reallocation of funding from supplies and services to meet depreciation expenses arising from revaluation of assets at Sport and Recreation Queensland facilities.
8. 2002-03 Estimated Actual lower than 2002-03 Budget primarily due to deferrals from 2002-03 to 2003-04 to better align funding with anticipated draw downs by grant recipients.
9. 2002-03 Estimated Actual higher than 2002-03 Budget due to interest costs on borrowings.
10. 2002-03 Estimated Actual higher than 2002-03 Budget due to the accounting treatment for the recognition of the transfer of the Townsville Sports Reserve to the department from the former Townsville Sports Reserve Trust.

Major variations between 2002-03 Budget and 2003-04 Estimate include:

1. 2003-04 Estimate lower than 2002-03 Budget primarily due to deferral estimates included in the 2002-03 Budget being higher than the deferral estimates included in the 2003-04 Estimate.
2. 2003-04 Estimate higher than 2002-03 Budget primarily due to an anticipated increase in demand for services at outdoor recreation centres (in particular as a result of the redevelopment of the Tallebudgera Outdoor Recreation Centre) and a change in catering contract management arrangements at certain outdoor recreation centers.
4. 2003-04 Estimate higher than 2002-03 Budget primarily due to the expansion of services at the Tallebudgera Outdoor Recreation Centre, additional Indigenous advisors for Far North Queensland, the employment of staff to manage the Townsville Sports Reserve and salary increases under the new core Enterprise Bargaining Agreement.
5. 2003-04 Estimate lower than 2002-03 Budget primarily due to reallocation of funding to depreciation to meet expenses arising from the revaluation of assets at Sport and Recreation Queensland facilities.
6. 2003-04 Estimate higher than 2002-03 Budget due to the increase in value of net assets in the Statement of Financial Position arising primarily from the revaluation of assets at Sport and Recreation Queensland facilities.
7. 2003-04 Estimate higher than 2002-03 Budget primarily due to reallocation of funding from supplies and services to meet depreciation expenses arising from revaluation of assets at Sport and Recreation Queensland facilities.
8. 2003-04 Estimate lower than 2002-03 Budget primarily due to the deferral estimates included in the 2003-04 Estimate being lower than the deferral estimates included in the 2002-03 Budget, offset partly by increases in a range of grant and subsidy programs to better align funding with anticipated draw downs by grant and subsidy recipients.
9. 2003-04 Estimate higher than 2002-03 Budget due to interest costs on borrowings to fund capital acquisitions.

Major variations between 2002-03 Estimated Actual and 2003-04 Estimate include:

1. 2003-04 Estimate higher than 2002-03 Estimated Actual primarily due to deferral of funding from 2002-03 to 2003-04 to better align funding with service delivery commitments and the anticipated draw down of funding by grant recipients and increased revenue from the Gaming Machine Levy.
2. 2003-04 Estimate higher than 2002-03 Estimated Actual primarily due to an anticipated increase in demand for services at outdoor recreation centers (in particular as a result of the redevelopment of the Tallebudgera Outdoor Recreation Centre) and a change in catering contract management arrangements at certain outdoor recreation centers.
3. 2003-04 Estimate lower than 2002-03 Estimated Actual due to the accounting treatment for the recognition of the transfer of the Townsville Sports Reserve to the department from the former Townsville Sports Reserve Trust.
4. 2003-04 Estimate higher than 2002-03 Estimated Actual primarily due to the expansion of the Tallebudgera Outdoor Recreation Centre, additional Indigenous advisors for Far North Queensland, the employment of staff to manage the Townsville Sports Reserve and salary increases under the new core Enterprise Bargaining Agreement.
6. 2003-04 Estimate higher than 2002-03 Estimated Actual due to the increase in value of net assets in the Statement of Financial Position arising primarily from the revaluation of assets at Sport and Recreation Queensland facilities.
8. 2003-04 Estimate higher than 2002-03 Estimated Actual primarily due to deferrals from 2002-03 to 2003-04 to better align funding with anticipated draw downs by grant recipients.
9. 2003-04 Estimate higher than 2002-03 Estimated Actual due to full year interest costs on borrowings to fund capital acquisitions.
10. 2003-04 Estimate lower than 2002-03 Estimated Actual due to the accounting treatment for the recognition of the transfer of the Townsville Sports Reserve to the department from the former Townsville Sports Reserve Trust in 2002-03.

Statement of Financial Position

Major variations between 2002-03 Budget and 2002-03 Estimated Actual include:

1. 2002-03 Estimated Actual lower than 2002-03 Budget primarily due to anticipated utilisation of cash balances in the course of service delivery commensurate with an anticipated reduction in the level of payable liabilities.
2. 2002-03 Estimated Actual higher than 2002-03 Budget primarily due to the revaluation of assets at Sport and Recreation Queensland facilities, the transfer of the Townsville Sports Reserve to the department from the former Townsville Sport

Reserve Trust and the commencement of the development of the Townsville Sports House adjacent to the Townsville Sports Reserve.

3. 2002-03 Estimated Actual lower than 2002-03 Budget primarily due to a reduction in the estimate of grant claims payable at the end of 2002-03.
4. 2002-03 Estimated Actual lower than 2002-03 Budget primarily reflects reclassification of loan funding from current to non-current interest bearing liabilities in respect of borrowings for capital acquisitions.
5. 2002-03 Estimated Actual higher than 2002-03 Budget reflects reclassification of loan funding from current to non-current interest bearing liabilities in respect of borrowings for capital acquisitions.
7. 2002-03 Estimated Actual higher than 2002-03 Budget primarily reflects the surplus arising from the accounting treatment for the recognition of the transfer of the Townsville Sports Reserve to the department from the former Townsville Sports Reserve Trust.
8. 2002-03 Estimated Actual higher than 2002-03 Budget reflects the revaluation of assets at Sport and Recreation Queensland facilities.

Major variations between 2002-03 Budget and 2003-04 Estimate include:

1. 2003-04 Estimate lower than 2002-03 Budget primarily due to anticipated utilisation of cash balances in the course of service delivery commensurate with an anticipated reduction in the level of payable liabilities.
2. 2003-04 Estimate higher than 2002-03 Budget primarily due to the revaluation of assets at Sport and Recreation Queensland facilities, the transfer of the Townsville Sports Reserve to the department from the former Townsville Sports Reserve Trust and the completion of the Townsville Sports House adjacent to the Townsville Sports Reserve, and the capital works program at Sport and Recreation Queensland facilities, including the redevelopment of the Tallebudgera Outdoor Recreation Centre.
3. 2003-04 Estimate lower than 2002-03 Budget primarily due to a reduction in the estimate of grant claims payable at the end of 2002-03.
4. 2003-04 Estimate lower than 2002-03 Budget primarily reflects reclassification of loan funding from current to non-current interest bearing liabilities in respect of borrowings for capital acquisitions.
5. 2003-04 Estimate higher than 2002-03 Budget reflects reclassification of loan funding from current to non-current interest bearing liabilities in respect of borrowings for capital acquisitions.
6. 2003-04 Estimate higher than 2002-03 Budget primarily due to the replacement of borrowings as a funding source for capital acquisitions with appropriated equity injection.
7. 2003-04 Estimate higher than 2002-03 Budget primarily reflects the surplus arising from the accounting treatment for the recognition of the transfer of the Townsville Sports Reserve to the department from the former Townsville Sports Reserve Trust.
8. 2003-04 Estimate higher than 2002-03 Budget primarily due to the revaluation of assets at Sport and Recreation Queensland facilities.

Major variations between 2002-03 Estimated Actual and 2003-04 Estimate include:

2. 2003-04 Estimate higher than 2002-03 Estimated Actual primarily due to the completion of the Townsville Sports House adjacent to the Townsville Sports Reserve and the capital works program at Sport and Recreation Queensland facilities, including the completion of the redevelopment of the Tallebudgera Outdoor Recreation Centre.
5. 2003-04 Estimate lower than 2002-03 Estimated Actual primarily due to the repayment of that part of the loan funding reclassified from current to non-current interest bearing liabilities in respect of borrowings for capital acquisitions.
6. 2003-04 Estimate higher than 2002-03 Estimated Actual primarily due to the replacement of borrowings as a funding source for capital acquisitions with appropriated equity injection.

Statement of Cash Flows

Major variations between 2002-03 Budget and 2002-03 Estimated Actual include:

1. 2002-03 Estimated Actual lower than 2002-03 Budget primarily due to deferral of funding from 2002-03 to 2003-04 to better align funding with service delivery commitments and the anticipated draw down of funding by grant recipients, offset partly by the recognition of appropriation receivable funding to meet liabilities at the end of 2001-02 and paid in 2002-03.
4. 2002-03 Estimated Actual lower than 2002-03 Budget primarily due to reallocation of funding to depreciation to meet expenses arising from the revaluation of assets at Sport and Recreation Queensland facilities and a reallocation to grants to meet funding commitments, offset partly by appropriation receivable funding used to meet liabilities identified at the end of 2001-02 and paid in 2002-03.
5. 2002-03 Estimated Actual lower than 2002-03 Budget primarily due to deferrals from 2002-03 to 2003-04 to better align funding with anticipated draw downs by grant recipients.
7. 2002-03 Estimated Actual higher than 2002-03 Budget due to the increase in value of net assets in the Statement of Financial Position arising primarily from the valuation of assets at Sport and Recreation Queensland facilities.
8. 2002-03 Estimated Actual higher than 2002-03 Budget primarily due to funding applied to the redevelopment of the Townsville Sports Reserve and the recognition of equity appropriation receivable funding to meet liabilities identified at the end of 2001-02 and paid in 2002-03.
9. 2002-03 Estimated Actual lower than 2002-03 Budget primarily reflects the deferral of borrowings from 2002-03 to 2003-04 to better align with the capital acquisition program and the replacement of borrowings as a funding source for capital acquisitions with an appropriated equity injection in 2003-04.
10. 2002-03 Estimated Actual higher than 2002-03 Budget primarily reflects cash received for equity injections to meet payables of a capital nature and funding provided to meet borrowing redemptions.
11. 2002-03 Estimated Actual higher than 2002-03 Budget reflects a level of borrowing redemptions funded through equity injections.

Major variations between 2002-03 Budget and 2003-04 Estimate include:

1. 2003-04 Estimate lower than 2002-03 Budget primarily due to deferral estimates included in the 2002-03 Budget being higher than the estimates included in the 2003-04 Estimate.
2. 2003-04 Estimate higher than 2002-03 Budget primarily due to an anticipated increase in demand for services at outdoor recreation centers (in particular as a result of the redevelopment of the Tallebudgera Outdoor Recreation Centre) and a change in catering contract management arrangements at certain outdoor recreation centers.

3. 2003-04 Estimate higher than 2002-03 Budget primarily due to the expansion of services at the Tallebudgera Outdoor Recreation Centre, additional Indigenous advisors in Far North Queensland, the employment of staff to manage the Townsville Sports Reserve and salary increases under the new core Enterprise Bargaining Agreement.
4. 2003-04 Estimate lower than 2002-03 Budget primarily due to reallocation of funding to depreciation to meet expenses arising from the revaluation of assets at Sport and Recreation Queensland facilities and a reallocation to grants to meet funding commitments in 2002-03.
5. 2003-04 Estimate lower than 2002-03 Budget primarily due to the deferral estimates included in the 2003-04 Estimate being lower than the deferral estimates included in the 2002-03 Budget, offset partly by increases in a range of grant and subsidy programs to better align funding with anticipated draw downs by grant and subsidy recipients.
6. 2003-04 Estimate higher than 2002-03 Budget due to interest costs on borrowings to fund capital acquisitions.
7. 2003-04 Estimate higher than 2002-03 Budget due to the increase in net assets in the Statement of Financial Position arising primarily from the increased value of property, plant and equipment assets.
8. 2003-04 Estimate higher than 2002-03 Budget primarily due to the development of the Townsville Sports House adjacent to the Townsville Sports Reserve and the capital works program at Sport and Recreation Queensland facilities.
9. 2003-04 Estimate lower than 2002-03 Budget reflects the replacement of borrowings as a funding source for capital acquisitions with equity injections.
10. 2003-04 Estimate higher than 2002-03 Budget primarily reflects the provision of appropriated equity injection to replace borrowings as a funding source for capital acquisitions.
11. 2003-04 Estimate higher than 2002-03 Budget reflects an increased level of borrowing redemptions to be funded through equity injections.

Major variations between 2002-03 Estimated Actual and 2003-04 Estimate include:

2. 2003-04 Estimate higher than 2002-03 Estimated Actual primarily due to an anticipated increase in demand for services at outdoor recreation centers (in particular as a result of the redevelopment of the Tallebudgera Outdoor Recreation Centre) and a change in catering contract management arrangements at certain outdoor recreation centres.
3. 2003-04 Estimate higher than 2002-03 Estimated Actual primarily due to the expansion of the Tallebudgera Outdoor Recreation Centre, additional Indigenous advisors for Far North Queensland, the employment of staff to manage the Townsville Sports Reserve and salary increases under the new core Enterprise Bargaining Agreement.
4. 2003-04 Estimate lower than 2002-03 Estimated Actual primarily due to reallocation of funding to depreciation to meet expenses arising from the revaluation of assets at Sport and Recreation Queensland facilities, a reallocation to grants to meet funding commitments in 2002-03 and appropriation receivable funding used to meet liabilities identified at the end of 2001-02 and paid in 2002-03.
5. 2003-04 Estimate higher than 2002-03 Estimated Actual primarily due to deferrals from 2002-03 to 2003-04 to better align funding with anticipated draw downs by grant recipients.
6. 2003-04 Estimate higher than 2002-03 Estimated Actual due to interest costs on borrowings taken out by the department to fund capital acquisitions.
7. 2003-04 Estimate higher than 2002-03 Estimated Actual due to the increase in net assets in the Statement of Financial Position arising primarily from the increased value of property, plant and equipment assets.
8. 2003-04 Estimate higher than 2002-03 Estimated Actual primarily due to the development of the Townsville Sports House adjacent to the Townsville Sports Reserve, offset partly by the recognition in 2002-03 of equity appropriation receivable funding to meet liabilities identified at the end of 2001-02 and paid in 2002-03.
9. 2003-04 Estimate lower than 2002-03 Estimated Actual reflects the replacement of borrowings as a funding source for capital acquisitions with equity injections.
10. 2003-04 Estimate higher than 2002-03 Estimated Actual primarily reflects the provision of appropriated equity injection to replace borrowings as a funding source for capital acquisitions.
11. 2003-04 Estimate higher than 2002-03 Estimated Actual reflects an increased level of borrowing redemptions funded through equity injections.

Statement of Financial Performance

Expenses and Revenues Administered on Behalf of the Whole-of-Government

Major variations between 2002-03 Budget and 2003-04 Estimate include:

1. 2003-04 Estimate lower than 2002-03 Budget reflects a decrease in the grant payable to the Gold Coast Events Company for the 2004 IndyCar event on the Gold Coast, consistent with the agreement executed with CART in April 2003.

Major variations between 2002-03 Estimated Actual and 2003-04 Estimate include:

1. 2003-04 Estimate lower than 2002-03 Estimated Actual reflects a decrease in the grant payable to the Gold Coast Events Company for the 2004 IndyCar event on the Gold Coast, consistent with the agreement executed with CART in April 2003.

Statement of Financial Position

Assets and Liabilities Administered on Behalf of the Whole-of-Government

Major variations between 2002-03 Budget and 2003-04 Estimate include:

1. 2003-04 Estimate lower than 2002-03 Budget primarily due to the administered asset holdings of the department in respect of the IndyCar event on the Gold Coast have been fully depreciated.

Major variations between 2002-03 Estimated Actual and 2003-04 Estimate include:

1. 2003-04 Estimate lower than 2002-03 Budget primarily due to the administered asset holdings of the department in respect of the IndyCar event on the Gold Coast have been fully depreciated.

Statement of Cash Flows

Cash Flows Administered on Behalf of the Whole-of-Government

Major variations between 2002-03 Budget and 2003-04 Estimate include:

1. 2003-04 Estimate lower than 2002-03 Budget reflects a decrease in the grant payable to the Gold Coast Events Company for the 2004 IndyCar event on the Gold Coast, consistent with the agreement executed with CART in April 2003.

Major variations between 2002-03 Estimated Actual and 2003-04 Estimate include:

1. 2003-04 Estimate lower than 2002-03 Estimated Actual reflects a decrease in the grant payable to the Gold Coast Events Company for the 2004 IndyCar event on the Gold Coast, consistent with the agreement executed with CART in April 2003.

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.
Accrual Output Budgeting (AOB)	A process through which agencies are funded and monitored on the basis of delivery (performance) of outputs which have been costed on a full accrual basis. Queensland's model of AOB, <i>Managing for Outcomes</i> , is a fully integrated planning, budgeting and performance management framework.
Administered Items	Assets, liabilities, revenues and expenses which an agency administers on behalf of the Government without discretion.
Agency	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 organisations established by Executive decision rather than legislation.
Appropriation	Represents Parliamentary authority for the Treasurer to issue funds to agencies during a financial year for: <ul style="list-style-type: none"> • delivery of agreed outputs • administered items • adjusting the Government's equity in agencies.
Capital	A term used to refer to the stock of assets, including property, plant and equipment, intangible assets and inventories, that an agency owns and/or controls, and uses in the delivery of services, and capital grants made to other entities.
Controlled Items	Assets, liabilities, revenues and expenses that are controlled by departments, in that they relate directly to the departmental operational objectives and which arise at the discretion and direction of the department concerned.
Depreciation	The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a particular period of time.

Equity Equity is the residual interest in the assets of the entity after deduction of its liabilities. It usually comprises the agency's accumulated surpluses/losses, capital injections and any reserves.

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

Equity Return A periodic return on equity reflecting the opportunity cost to the Government of its investment in agencies.

Financial Statements Collective description of the Statement of Financial Position (Balance Sheet), the Statement of Financial Performance, the Statement of Cash Flows and associated notes to the accounts.

Own-Source Revenue Revenue generated by an agency, generally through the sale of goods and services but may also include approved Commonwealth Specific Purpose Payments.

Outputs Discrete services or products for external customers or consumers produced by agencies with funding from the Government.

Statement of Cash Flows A financial statement which reports the inflows and outflows of cash for a particular period for the operating, investing and financing activities undertaken by an agency or the Government as a whole.

Statement of Financial Performance 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.

Statement of Financial Position A financial statement that reports the assets, liabilities and equity of an entity as at a particular date. Also referred to as a "Balance Sheet".

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.

