

Our finances explained

Understanding financial statements isn't always easy for readers of annual reports. The aim of this section is to help stakeholders and people with an interest in our department who may not have accounting knowledge. It also strengthens our commitment to accountability and transparency.

This section simplifies complex financial information into a reader-friendly format, making it easier to understand the department's financial performance, financial position and cash flow. It also makes it easier to understand the 'big picture' of the department's financial management.

Keeping the department's finances in good shape is no different from managing a family budget. Money has to be earned, bills have to be paid, borrowings need to be managed and savings need to be set aside for future needs.

This is how our financial picture fits together.

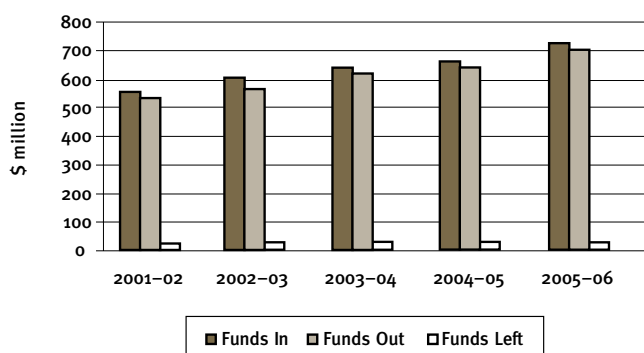
Managing the budget

The department's budget for 2005-06 was \$667.5 million. Budgets don't just happen. They are part of a detailed planning cycle (see page 9).

This planning process ensures the department's budgets meet the present and future needs of the Queensland community in relation to emergency services. Most importantly, careful planning ensures our finances are spent effectively. This 'drives' our dollar further.

Financial performance

Surplus (funds left over for future spending)	=	Total Income (Funds In)	-	Total Expenses (Funds Out)
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This year has been another year of continuing development for the department.

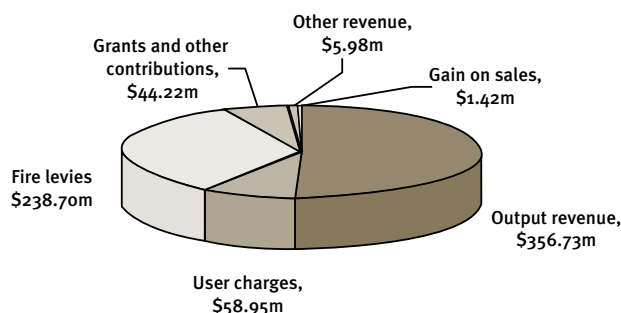
In 2005-06, the department delivered its agreed outputs and realised an operating surplus in excess of \$12 million. The surplus will be used as a funding source for service delivery in the future.

Strong fiscal management has allowed the department to invest in the modernisation and expansion of emergency services infrastructure across the state.

Our department continues to experience increasing demand for its services, highlighted with the Queensland Ambulance Service which has seen an increase of 59.8% in emergency and urgent responses over the past five years.

Our income (where our money comes from)

2005-06 Total income \$706 million

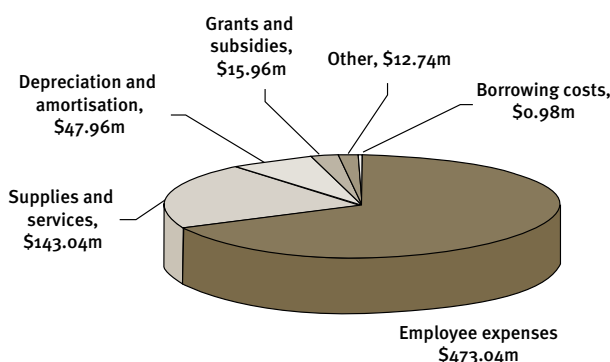


The department's total income for the year was \$706.0 million, an increase of 9.4% on 2004-05.

The department received additional funding for a number of initiatives including the Carindale Ambulance Station, the Counter Terrorism Initiative, supplementation for the QAS Enterprise Partnership Agreement 2005, and the Narangba chemical emergency. Additional funding was also obtained through the Community Ambulance Cover Levy and the Fire Levy due to growth in properties.

Our expenses (where our money is spent)

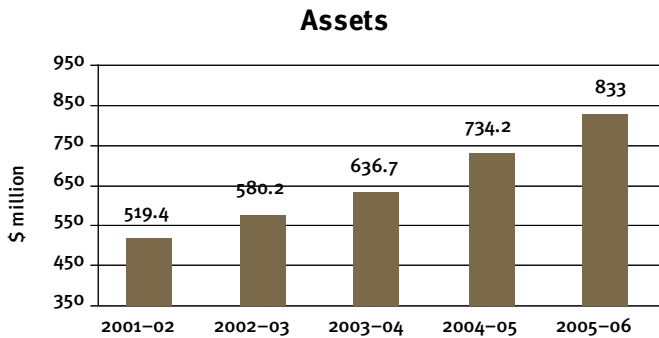
2005-06 Total expenses \$693.7 million



The department provides a wide range of services to the community. A large part of our costs in delivering these services is made up of employee expenses which increased by \$35.5 million to \$473.0 million. The increase in expenses is principally due to the effects of enterprise partnership agreements and an increase in the number of paramedics and staff costs to meet increased demand for service delivery.

Supplies and services expenses increased by \$17.5 million to \$143 million, reflecting an increased demand for service delivery. Major contributors to this rise include increased patient demand and the cost of patient care consumables, increases in aviation, building and equipment maintenance, and higher vehicle operating expenses (eg. fuel).

Our assets (what our department owns)

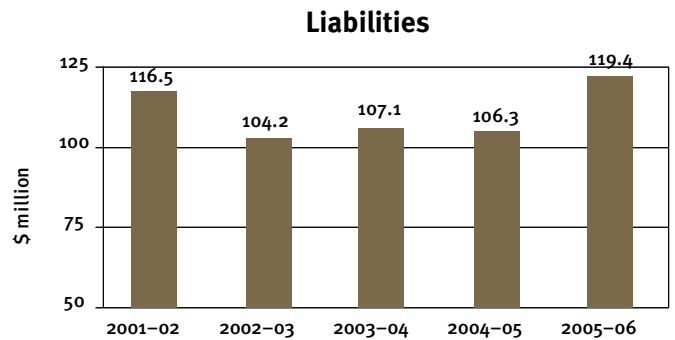


The value of departmental assets (e.g. building and vehicles) has increased rapidly in recent years as new infrastructure (what is built) and other assets are provided to support the department's services due to factors such as Queensland's growing and ageing population.

The Department of Emergency Services is in a strong financial position as it enters 2006-07 illustrated by the department's debt-to-equity ratio of just 16.7%.

Non-current assets increased by \$87.7 million to \$727.8 million as a result of significant capital programs and the effect of the revaluation of assets. Major capital items constructed or acquired in 2005-06 include the continued modernisation of the ambulance and fire vehicle fleet, the upgrade of ambulance and fire stations, the Special Operations Coordination Centre, upgrades in information and communications technology and the replacement of the Squirrel helicopter. Capital acquisitions for the year totalled \$93.1 million from a capital works budget of \$110.9 million.

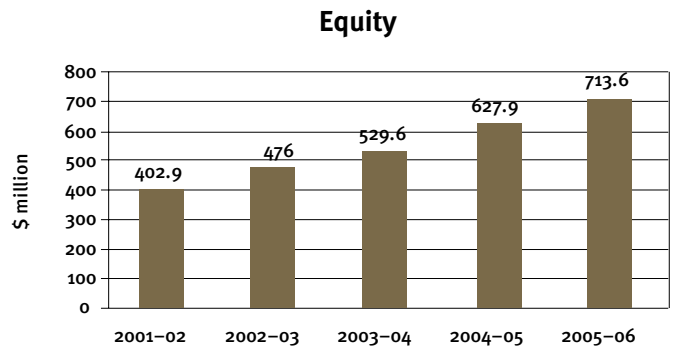
Our liabilities (what we owe)



While the financial management of the department is quite complex, in essence it is no different from the average householder, ensuring that we live within our means. Our liabilities include loans, outstanding amounts payable to suppliers and amounts owing to employees for leave entitlements. As shown above, this amount has hardly changed over the past five years.

Our equity (what we are worth)

$$\text{Equity (departmental wealth)} = \text{What the department owns} - \text{What the department owes}$$



Our department's net worth (what we own less what we owe others) has been growing quite rapidly in recent years.

This is much like your home (an asset) less your home loan (a liability) and the difference is your net wealth (what you are worth). The department's net wealth is growing in a similar way.

Our finances explained

Impact of new reporting standards

The 2005–06 financial statements are the first to be prepared in accordance with the Australian Equivalents to International Financial Reporting Standards (AEIFRS), together with the Treasurer's Financial Reporting Requirements for Queensland Government Agencies for 2005–06, and other prescribed requirements.

The disclosures required by the Australian Accounting Standards Board in relation to the implementation of AEIFRS are provided in notes 37 and 38 of the financial statements. These disclosures are outlined in AASB 1, First Time Adoption of Australian Equivalents to International Financial Reporting Standards.

With the exception of financial instruments (see note 35), the comparative figures for the 2004–05 financial year have been restated to reflect the requirements of AEIFRS. In the case of financial instruments, the department has used the Australian Accounting Standards Board exemption for first-time adoption of AEIFRS (contained in AASB 1).

The accounting policies that the department has used in its opening AEIFRS balance sheet differ from those that it used for the equivalent financial year. In that year the previous Generally Accepted Accounting Principles still applied. The resulting adjustments have arisen from events and transactions before the date of transition to AEIFRS. Therefore, the department has recognised those adjustments directly in retained earnings at the date of transition to AEIFRS.

The Queensland Ambulance Service delivers emergency pre-hospital care services to the public from ambulance response locations across the state.

