

# Our finances explained

**U**NDERSTANDING 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.

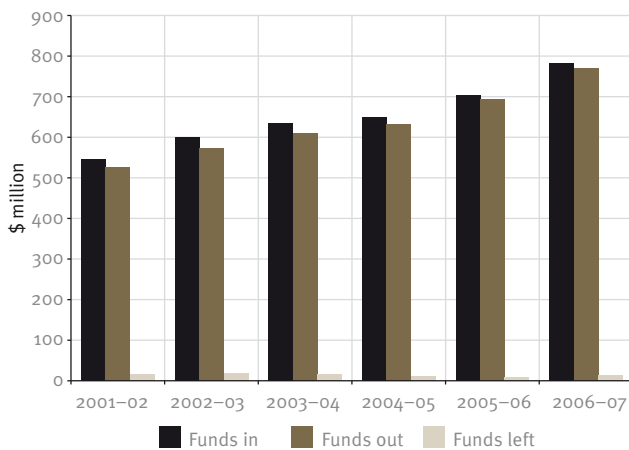
## Managing the budget

The department's budget for 2006-07 was \$744.1 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

<b>Surplus</b> (funds left over for future spending)	=	<b>Total Income</b> (Funds In)	-	<b>Total Expenses</b> (Funds Out)
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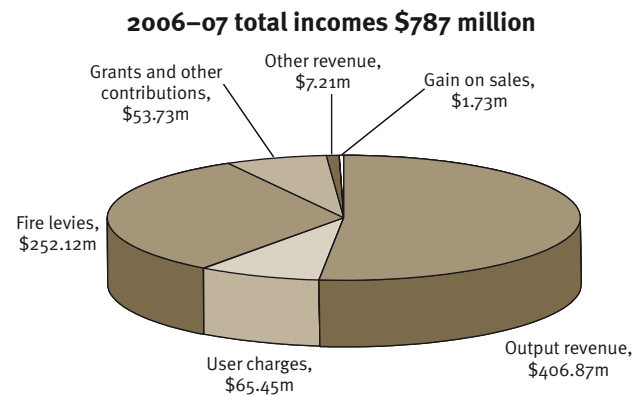


This year has been another year of continuing development for the department.

In 2006-07, the department delivered its agreed outputs and realised an operating surplus in excess of \$15.9 million. The surplus will be used as a funding source for capital acquisitions to enhance 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 by QAS, which has experienced an increase of nearly 30% in emergency (code 1) response demand over the past three years.

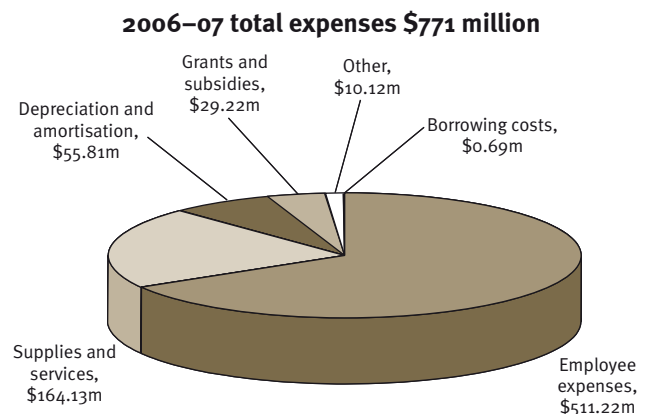
## Our income (where our money comes from)



The department's total income for the year was \$787.1 million, an increase of 11.5% on 2005-06.

The department received additional funding for a number of initiatives including supplementation for the QAS Enterprise Partnership Agreement 2006, election commitment initiatives of 'Supporting our Marine Volunteers' and 'Safeguarding our Cyclone Communities'. 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)



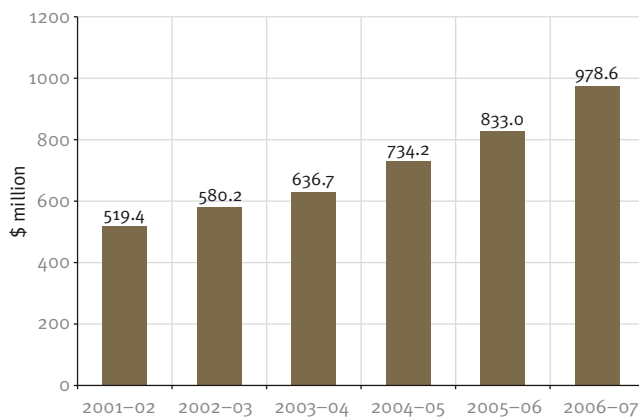
# Our finances explained

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 \$38.2 million to \$511.2 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 \$18.1 million to \$164.1 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 marketing due to changes in fire legislation, public education costs associated with increased courses being offered, and higher vehicle operating expenses due to increased usage of vehicles.

## Our assets (what our department owns)

**Assets**



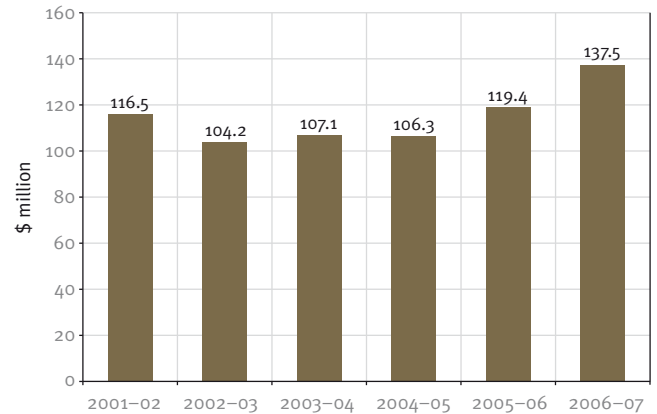
The value of departmental assets (e.g. buildings and vehicles) has increased rapidly in recent years as new infrastructure (what is built) and other assets are provided to support the department's services due to factors such as Queensland's growing and ageing population.

The department is in a strong financial position as it enters 2007-08, illustrated by the department's debt-to-equity ratio of just 16.3%.

Non-current assets increased by \$128.2 million to \$856.0 million as a result of significant capital programs and the effect of the revaluation of assets. Major capital items constructed or acquired in 2006-07 include the continued modernisation of the ambulance and fire vehicle fleet, the upgrade of ambulance and fire stations, continued investment in information and communications technology and the replacement of the Bell helicopters. Capital acquisitions for the year totalled \$89.9 million from a capital works budget of \$109.6 million.

## Our liabilities (what we owe)

**Liabilities**

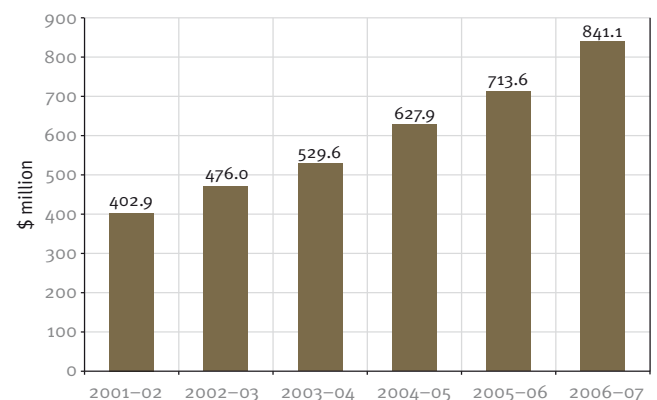


While the financial management of the department is quite complex, in essence it is no different from the average household, ensuring that we live within our means. Our liabilities include loans, outstanding amounts payable to suppliers and amounts owing to employees for leave entitlements.

## Our equity (what we are worth)

<b>Equity</b> (departmental wealth)	=	<b>What the department owns</b>	-	<b>What the department owes</b>
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**Equity**



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.

*Fast, efficient and safe ... The EMQ helicopter fleet conduct many aerial rescues each year.*

