

Our financial position explained

Queensland Treasury's financial statements fall into two categories:

- + Administered – the funds it administers on behalf of the government
- + Controlled – the revenue, expenses, assets and liabilities it uses to conduct its business as a department.

Analysis

In 2018–19, Queensland Treasury administered \$36.58 billion of revenue and \$5.84 billion of expenses on behalf of the State. This excludes administered item revenue which is appropriation revenue received from the Consolidated Fund to meet administered expenses.

The largest single source of administered revenue was grants and other contributions of \$19.28 billion, followed by state taxes of \$11.62 billion.

The main component of Commonwealth grant revenue was Queensland's share of the GST. Other Commonwealth revenue includes funding for National Partnership Payments and Specific Purpose Payments.

Treasury also administered the Queensland First Home Owners' Grant on behalf of the State in 2018–19.

Treasury's controlled revenue consists principally of Parliamentary appropriations. In 2018–19, appropriation revenue allocated to services was \$241.39 million (compared with \$254.79 million in 2017–18).



Administered

Queensland Government Insurance Fund

The Queensland Government Insurance Fund (QGIF), administered by Treasury, is a self-insurance arrangement into which government agencies pay premiums intended to meet the cost of claims arising from incidents occurring in the premium year.

Claims are paid out of Queensland Treasury's Administered accounts, while the provision for outstanding claims is held at the whole-of-government level.

The estimated outstanding claims liability as at 30 June 2019 was \$1,764 million, compared to \$1,267 million at 30 June 2018. Investments intended to meet the government's outstanding claims liabilities are held by Queensland Treasury Corporation within its long-term assets. The fund reinsurance program has been in place since 1 November 2011 and is subject to annual renewal.

QGIF's outstanding claims liability and associated investments are reported in the government's annual Report on State Finances.

Queensland Government Insurance Fund Financial Summary	30 June 2019 \$M	30 June 2018 \$M
Assets under investment	1,638.8	1,507.1
Provision for future liabilities	1,764.2	1,267.3
Premiums collected	191.2	191.3
Net claims paid	145.7	130.9
Fund operating expenses	5.4	5.1
Reinsurance expense	25.6	25.2
Reinsurance recoveries	-	2.9

Queensland Treasury administered revenue

	2018–19 Actual \$B	2017–18 Actual \$B
Commonwealth payments	\$19.28	\$19.86
State taxes, royalties and other State revenues	\$17.30	\$15.57

Royalties, state taxes, fees, levies and fines 2018–19

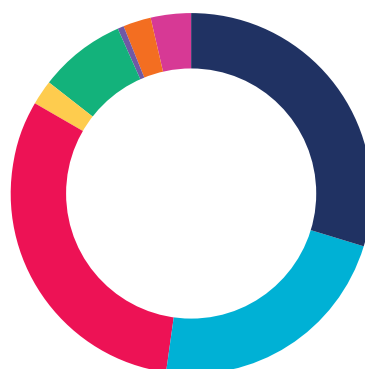
- Royalties \$5.18B
- Land tax \$1.34B
- Payroll tax \$4.20B
- Gaming taxes and other taxes \$1.24B
- Duties \$4.74B
- Fees, levies and fines \$0.33B



Administered revenue collected by Office of State Revenue increased 11.35% to \$17.04 billion in 2018–19

Total administered expenses by category 2018–19

- Superannuation benefit payments \$1.75B
- Finance costs \$1.31B
- Annual Leave Central Scheme \$1.83B
- Benefit payments \$0.13B
- Long service leave reimbursements \$0.45B
- Grants and subsidies \$0.03B
- Supplies and services \$0.15B
- All other expenses \$0.20B



Queensland Treasury Administered statement of comprehensive income for the year ended 30 June 2019

	Treasury Department Actual 2017-18 \$'000	Treasury Department Actual 2018-19 \$'000
Income from continuing operations		
Revenue		
Grants and other contributions	19,859,938	19,280,473
Taxes	10,818,926	11,617,135
User charges and fees	71,248	50,482
Royalties	4,263,206	5,183,244
Interest	35,580	33,299
Appropriation revenue	5,944,629	5,827,870
Other revenue	381,050	419,138
Total income from continuing operations	41,374,577	42,411,641
Expenses		
Supplies and services	157,855	151,943
Loss on receivables	88,014	25,959
Grants and subsidies	90,827	26,064
Benefit payments	205,737	130,976
Finance/borrowing costs	1,389,795	1,306,549
Superannuation benefit payments	1,720,696	1,747,067
Long service leave reimbursements	411,868	450,651
Annual Leave Central Scheme claims paid	1,716,867	1,829,207
Other expenses	221,018	169,546
Total expenses from continuing operations	6,002,676	5,837,962
Operating result for the year before transfers to government	35,371,901	36,573,679
Transfers of administered revenue to government	35,371,901	36,573,679
Total administered comprehensive income

Decrease is largely attributable to Queensland's decreased share in GST revenue and Commonwealth capital project payments, and disability services payments from Disability Care Australia Fund. This is partially offset by increased payments received for National Partnership agreements and increased indexation of Quality School funding, National Housing and Homelessness funding agreements.

Increase mainly relates to higher payroll tax revenue due to improved employment conditions in key industries, positive growth from transfer and insurance duties, and higher land tax revenue reflecting increases in land values leading to higher taxable value for taxpayers.

Decrease is mainly due to the machinery-of-government (MoG) transfer of the Office of Industrial Relations to the Department of Education effective 1 January 2018. This is partially offset by an increase in SPER fees.

Increase is due to the impact of higher oil prices in liquefied natural gas royalties and slightly higher coal prices and export volumes than in 2017-18.

Appropriation revenue is received from Consolidated Fund (CF) to fund administered expenses. Material variances in administered expenses are outlined below.

Decrease is mainly due to a reduction in the GST administration cost.

Decrease is mainly due to the finalisation of legal processing resulting in a debt write-off in 2017-18. This is partially offset by a reduction in the level of impairment reversal in SPER in 2018-19.

Decrease is due to the MoG transfer of the Back to Work Program to the Department of Employment, Small Business and Training effective 1 January 2018, and decrease of grant payments to the Cross River Rail Delivery Authority.

Decrease is attributable to lower volume of First Home Owner Grant payments and a decrease in the number of grants paid with the additional \$5,000.

Decrease predominantly relates to a reduction in the government debt pool interest. This is partially offset by increase in interest expense associated with advances from government-owned corporations.

This represents revenues collected on behalf of Queensland Government which are transferred to CF. Material variances in administered revenue are outlined above.



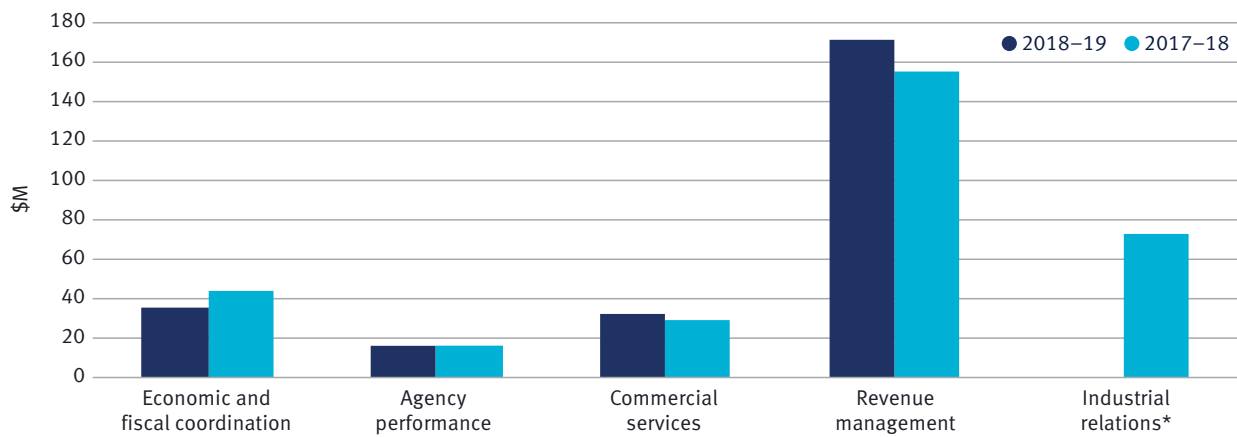
Controlled

Total expenses by category 2018–19

- Employee expenses \$110.68M
- Supplies and services \$111.57M
- Grants and subsidies \$7.55M
- Depreciation and amortisation \$3.55M
- Other \$31.54M



Total expenses by service 2018–19



*Industrial Relations transferred to Department of Education from 1 January 2018

Queensland Treasury-controlled key financial performance indicators

	2018–19 actual	2017–18 actual
Net cost of services funded by appropriation (\$M)	\$241.37	\$254.79
State funding as a percentage of total revenue	91%	78%
Fixed and intangible assets employed (\$M)	\$23.33	\$19.87
Net assets (\$M)	\$81.21	\$64.15

Queensland Treasury and controlled entity statement of comprehensive income for the year ended 30 June 2019

	Treasury Department Actual 2017–18 \$'000	Treasury Department Actual 2018–19 \$'000
Income from continuing operations		
Revenue		
Appropriation revenue	254,790	241,390
User charges and fees	18,051	9,518
Grants and other contributions	50,802	138
Other revenue	1,118	4,098
Gains		
Gain/(loss) on sale/fair value movement of investments	..	9,958
Total income from continuing operations	324,761	265,102
Expenses from continuing operations		
Employee expenses	156,349	110,675
Supplies and services	130,461	111,570
Grants and subsidies	10,979	7,548
Depreciation and amortisation	2,757	3,548
Other expenses	24,215	31,536
Total expenses from continuing operations	324,761	264,877
Operating result from continuing operations	..	225
Operating result for the year	..	225
Total comprehensive income	..	225

Decrease relates to full year impact of the MoG transfer of the Office of Industrial Relations (OIR) and Employment effective 1 January 2018. Also contributing is the return of a portion of proceeds from sale of the Property Exchange Australia Limited (PEXA) shares to CF via a reduction in appropriation. This is partially offset by funding required for CleanCo, OSR Transformation Program and Financial Assurance Framework Reforms and an increase in appropriation payable which is recognised as an expense rather than a reduction in appropriation.

Decrease is due to full year impact of the MoG transfer of OIR and a reduction in reimbursements from other departments for projects led by Treasury's Commercial group.

Decrease is due to the MoG transfer of OIR.

Increase is due to the proceeds from sale of the Department of Natural Resources, Mines and Energy portion of PEXA shares.

Reflects the gain on sale of Treasury's portion of the PEXA shares, partially offset by a fair value decrease associated with the Business Development Fund (BDF) investments.

Decrease is mainly due to the full year impact of the MoG transfer of OIR, partially offset by the impact of the State Wage Case increase.

Decrease is mainly due to the full year impact of the MoG transfer of OIR.

Increase predominantly relates to capital expenditure associated with the OSR Transformation program, partially offset by the full year impact of the MoG transfer of OIR.

Increase primarily relates to appropriation payable resulting from the re-profiling of a number of departmental projects and initiatives to future years, which is recognised as expenses instead of a reduction in appropriation in accordance with Section 3B.2 of the Financial Reporting Requirements.

Queensland Treasury and controlled entity statement of financial position for the year ended 30 June 2019

	Treasury Department Actual 2017–18 \$'000	Treasury Department Actual 2018–19 \$'000
Assets		
Cash	37,247	101,297
Receivables	7,004	5,751
Other	2,993	5,289
Financial assets	46,463	56,638
Intangibles	19,783	23,265
Property, plant and equipment	89	63
Total assets	113,579	192,303
Liabilities		
Payables	44,429	106,313
Accrued employee benefits	4,799	4,717
Other liabilities	197	67
Total liabilities	49,425	111,097
Net assets	64,154	81,206
Total equity	64,154	81,206

Increase is predominantly due to cash surety associated with the Financial Provisioning Scheme.

Decrease is mainly due to receivables associated with post MoG transactions at 30 June 2018 as a result of the MoG transfer of Market-Led Proposals and Employment functions.

Increase predominantly reflects an increase in prepayments for software products and services, including licences and subscriptions.

Increase reflects additional investment in the BDF, partially offset by the sale of PEXA shares.

Increase predominately reflects capital expenditure associated with OSR Transformation Program and the Financial Provisioning Scheme, partially offset by amortisation expense for 2018–19.

Decrease reflects depreciation recognised during 2018–19.

Increase predominately relates to a payable to Environmental Authority holders relating to cash surety held under the Financial Provisioning Scheme. Also contributing is an increase in appropriation payable.

Decrease is due to a decrease in unearned revenue resulting from clients transitioning to new survey software programs.

Increase is predominantly due to equity injections for additional investment in BDF and capital expenditure for the OSR Transformation Program and the Financial Provisioning Scheme. This is partially offset by the return to CF of a portion of PEXA sale proceeds via an equity withdrawal.

