

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 2019–20, Queensland Treasury administered \$34.446 billion of revenue and \$6.533 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 \$17.834 billion, followed by state taxes of \$11.549 billion.

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

In response to the Queensland Government's measures to support Queenslanders' health, jobs and businesses in response to COVID-19, Treasury implemented payroll tax, land tax, gaming tax and Regional Home Builder Grant boost relief measures.

Treasury also administered the Queensland First Home Owners' Grant on behalf of the state in 2019–20.

Treasury's controlled revenue consists principally of Parliamentary appropriations. In 2019–20, appropriation revenue allocated to services was \$252.325 million (compared with \$241.390 million in 2018–19).

Administered

Queensland Government Insurance Fund

The Queensland Government Insurance Fund (QGIF), administered by Treasury, is a self-insurance arrangement which commenced on 1 July 2001. Government agencies pay premiums intended to meet the cost of claims arising from incidents occurring in the premium year, with the claims to premium ratio at 96% since commencement. QGIF also meets the cost of claims arising from incidents occurring prior to 1 July 2001.

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 2020 was \$2,624 million, compared to \$1,764 million at 30 June 2019. The significant increase is largely driven by the recognition of a provision for historical serious physical child abuse claims following the removal of the limitation period, an increase in the provision for historical child sexual abuse claims following greater than expected claim experience, and business interruption claim costs arising from COVID-19. 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.

QGIF financial summary	30 June 2020 \$M	30 June 2019 \$M
Assets under investment	1,450.9	1,638.8
Provision for future liabilities	\$2,623.8	1,764.2
Premiums collected	204.0	191.2
Net claims paid	310.6	145.7
Fund operating expenses	5.6	5.4
Reinsurance expense	27.6	25.6

Queensland Treasury administered revenue

	2019–20 Actual \$B	2018–19 Actual \$B
Commonwealth payment	\$17.834	\$19.28
State taxes, royalties and other state revenue	\$16.613	\$17.30

State taxes, royalties and other state revenue 2019–20

- + Duties \$4.62B
- + Gaming taxes and other taxes \$1.18B
- + Other State Revenue \$0.36B
- + Payroll tax \$4.25B
- + Royalties \$4.49B
- + Land tax \$1.41B
- + Fees, levies and fines \$0.29B

Total administered expenses by category 2019–20

- + Superannuation benefit payments \$1.75B
- + Annual Leave Central Scheme \$1.96B
- + Long service leave reimbursements \$0.48B
- + Finance costs \$1.20B
- + Grants and subsidies \$0.62B
- + Supplies and services \$0.14B
- + All other expense \$0.40B

Queensland Treasury Administered statement of comprehensive income for the year ended 30 June 2020

	Treasury Department Actual 2018–19 \$'000	Treasury Department Actual 2019–20 \$'000
Income from continuing operations		
Revenue		
Grants and other contributions	19,280,473	17,833,696
Taxes	11,617,135	11,548,671
Royalties	5,183,244	4,493,630
Appropriation revenue	5,827,870	6,512,602
Interest revenue	33,299	23,495
User charges and fees	50,482	44,049
Other revenue	419,138	502,665
Total income from continuing operations	42,411,641	40,958,808
Expenses		
Supplies and services	126,222	138,340
Losses on receivables	25,959	50,677
Finance/borrowing costs	1,306,549	1,200,380
Grants and subsidies	157,040	619,350
Superannuation benefit payments	1,747,067	1,746,946
Long service leave reimbursements	450,651	476,437
Annual Leave Central Scheme claims paid	1,829,207	1,955,604
Other expenses	195,266	345,008
Total expenses from continuing operations	5,837,962	6,532,742
Operating result for the year before transfers to government	36,573,679	34,426,066
Transfers of administered revenue to government	36,573,679	34,426,066
Total administered comprehensive income	–	–

Decrease largely attributable to Queensland's decreased share in GST revenue in 2019–20. Based on Commonwealth Grants Commission's recommended GST sharing relativities and changes in Queensland's population. Further decrease due to National Partnership Payments for recurrent projects primarily from expiration of remote Indigenous housing agreement and pay equity for the social and community services sector. Variances also exist due to timing of payments. Partially offset by increase in Specific Purpose Payments particularly in disability services payments, due to new funding agreement relating to the DisabilityCare Australia Fund. Growth also reflects indexation of Quality Schools funding arrangement. Further increase due to National Partnership Payments for capital projects as result of large payments for road investment compared to same period last year. Infrastructure payments from month to month are volatile and variances between years are also largely result of timing of payments.

Decrease mainly relates to transfer duties partially offset by increase in insurance duties in line with population growth, premium growth and coverage. Further decrease in gaming machine tax reflects COVID-19 venue closures. Partially offset by increases in land tax reflecting increases in annual land valuations that land tax is applied to, payroll tax reflecting the increases in employment and wage conditions in key industries such as mining, manufacturing and retail and betting tax reflecting 2019–20 revenue for complete reporting period. Legislation on betting tax commenced on 1 October 2018.

Decrease mainly relates to coal royalties largely from decrease in prices for all types of coal and decrease in coal export volumes. This is partially offset by increases in mining royalties, royalty penalty and fees. Also contributing is increases in petroleum and LNG royalties, which largely reflects petroleum royalty rate increase of wellhead value announced in 2019–20 Budget, higher volumes and lower exchange rate, partially offset by reduced prices.

Increase in line with increase in administered expenses. Administered appropriation revenue is received from Consolidated Fund to fund administered expenses.

Increase reflects competitive neutrality fees paid by Government-owned corporations, partially offset by decrease in SPER fines.

Increase mainly due to impairment expense recognised for taxes and reduction in level of impairment reversals for SPER receivables. Partially offset by decrease in taxes and SPER debt write-offs.

Increase is mainly due to interest on the government debt pools and advances from government-owned corporations.

Increase predominantly relates to payroll and land tax refund as part of the state's COVID-19 tax relief measures. Partially offset by decrease in First Home Owners Grant payments.

Represents revenues collected on behalf of Queensland Government which are transferred to the Consolidated Fund. Material variances in administered revenue are outlined above.

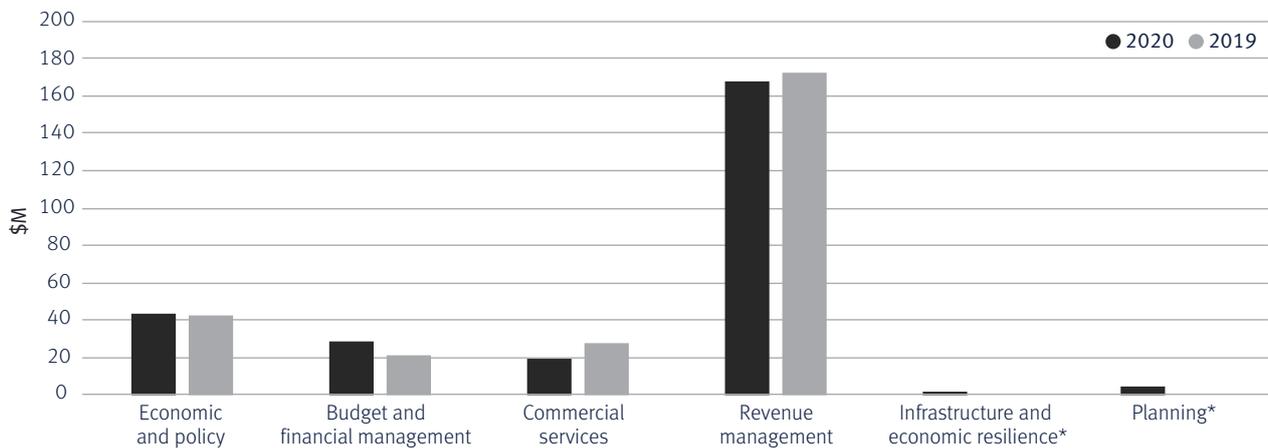


Controlled

Total expenses by category 2019–20

- + Employee expenses \$120.81M
- + Supplies and services \$125.16M
- + Grants and subsidies \$11.59M
- + Depreciation and amortisation \$4.47M
- + Other expenses \$3.86M

Total expenses by service 2019–20



*Effective 1 June 2020 transferred into Queensland Treasury as result of machinery of government changes

Queensland Treasury controlled key financial performance indicators

	2019–20 Actual \$M	2018–19 Actual \$M
Net cost of services funded by appropriation	252.33	241.39
State funding as percentage of total revenue	88%	91%
Fixed and intangible assets employed	23.49	23.33
Net asset	148.04	81.21

Queensland Treasury and controlled entity statement of comprehensive income for the year ended 30 June 2020

	Treasury Department Actual 2018-19 \$'000	Treasury Department Actual 2019-20 \$'000
Income from continuing operations		
Revenue		
Appropriation revenue	241,390	252,325
User charges and fees	9,518	31,790
Interest Revenue	205	659
Other revenue	4,031	7,813
Gains		
Gain/(loss) on sale/disposal of property, plant and equipment	9,958	(4,354)
Total income from continuing operations	265,102	288,233
Expenses from continuing operations		
Employee expenses	110,675	120,814
Supplies and services	111,570	125,160
Grants and subsidies	7,548	11,594
Depreciation and amortisation	3,548	4,465
Other expenses	31,536	3,859
Total expenses from continuing operations	264,877	265,892
Operating result from continuing operations	225	22,341
Operating result for the year	225	22,341
Total comprehensive income	225	22,341

Increase predominantly for Additional Compliance Program in the Office of State Revenue (OSR), OSR Transformation Program, and Service Priority Review Office. Also MOG transfer of Planning and Infrastructure and Economic Resilience functions. Partially offset by decrease in funding associated with SPER ICT Program and finalisation of CleanCo Implementation Taskforce in 2018-19.

Increase mainly relates to Financial Provisioning Scheme (FPS) fund contributions and assessment fees. FPS became effective 1 April 2019 but issuing of notices of assessments began in July 2019.

Increase mainly relates to interest on FPS cash balances.

Increase mainly relates to FPS surety redemption. Partially offset by Department of Natural Resources, Mines and Energy portion of proceeds from the sale of Property Exchange Australia Limited (PEXA) shares in 2018-19.

Decrease mainly due to gain on sale of Treasury portion of PEXA shares in 2018-19.

Increase mainly relates to State Wage case, a one-off special payment to eligible employees, severance payments and MOG transfer of Planning and Infrastructure and Economic Resilience functions. Also additional OSR compliance officers, full year impact of the transfer of Native Title Compensation Project Management Office and the establishment of Service Priority Review Office.

Increase mainly relates to expenses associated with OSR Transformation Program, FPS, Service Priority Review Office and COVID-19 Assistance Package Response. Partially offset by decrease in costs associated with SPER ICT Program.

Increase mainly relates to:

- FPS grants to Department of Environment and Science and DNRME
- contribution to Queensland Police Service for introduction of multi-agency groups to reduce youth crime
- grants for maturing the Infrastructure Pipeline Program
- contribution to COVID-19 Charity Continuity Funding for Legacy Brisbane
- contribution to infrastructure for Woodford Folk Festival
- additional emergency funding to support DVConnect.

Partially offset by the grant payment to CleanCo Queensland in 2018-19.

Queensland Treasury and controlled entity statement of financial position for the year ended 30 June 2020

	Treasury Department Actual 2018-19 \$'000	Treasury Department Actual 2019-20 \$'000
Assets		
Cash	101,297	143,133
Receivables	5,751	27,521
Other assets	5,289	5,507
Other financial assets	56,638	76,284
Property, plant and equipment	63	104
Intangible assets	23,265	23,386
Total assets	192,303	275,935
Liabilities		
Payables	106,380	120,910
Accrued employee benefits	4,717	6,985
Total liabilities	111,097	127,895
Net assets	81,206	148,040
Total equity	81,206	148,040

Increase relates to Treasury's finance system, Financial Assurance Information Register and OSR Transformation Program intangible asset.

Decrease mainly due to change in accounting policy effective 1/7/19 where deferred appropriation payable is recognised with corresponding reduction to appropriation revenue.

Increase mainly relates to FPS, which receives contributions and fees from mining companies and incurs expenses to manage FPS. FPS will also fund research and rehabilitation grants once it has grown over coming years. The FPS is established to operate in surplus to mitigate risk to the State in contributing to rehabilitation.

Increase predominantly relates to increased Financial Provisioning Scheme (FPS) Fund cash balance and FPS Cash Surety held. Also increase in payables and accrued employee benefits.

Increase is mainly due to receivables associated with land parcel under development as result of MOG transfer of Planning function to Treasury effective 1 June 2020. Also outstanding FPS annual contributions and assessment fees receivables.

Increase predominantly reflects additional Business Development Fund investment and investment in CARP Pharmaceuticals, partially offset by fair value decrease relating to Business Development Fund investments.

Increase mainly relates to payables to environmental authority holders for FPS Cash Surety held, an interdepartmental payable relating to MOG transfer of Planning and Infrastructure and Economic Resilience functions and increased operational payables. Partially offset by decreased lease payables from cessation of straight-line methodology on recognition of 2019-20 lease expenses under new accounting standard AASB 16 Leases.

Increase mainly relates to MOG transfer of Planning and Infrastructure and Economic Resilience functions. Also an increase in accrued salary and wages reflecting number of working days remaining after last pay for financial year.

Increase mainly due to equity injections for additional investment in Business Development Fund and investment into CARP Pharmaceuticals and 2019-20 operating surplus. Also contributing is MOG transfer of Planning and Infrastructure and Economic Resilience functions. Partly offset by equity to output swap for Business Development Fund fair value adjustment and equity withdrawals of amortisation funding.