

Our financial position explained

Queensland Treasury's financial statements fall into two categories:

Administered –
the funds we administer on behalf of the government

Controlled –
the revenue, expenses, assets and liabilities we use to conduct our business as a department.

Analysis

In 2016–17, Queensland Treasury administered \$34.555 billion of revenue and \$6.077 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 \$19.560 billion, followed by state taxes of \$10.631 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 Natural Disaster Relief and Recovery funding arrangements.

We administered a number of grants on behalf of the State in 2016–17 including the First Home Owners' Grant.

Our controlled revenue consists principally of Parliamentary appropriations. In 2016–17, revenue allocated to services was \$241.10 million (compared with \$210.19 million in 2015–16).

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 to meet the cost of claims and to build reserves to cover the cost of future potential liabilities.

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

The liability balance at 30 June 2017 was \$1,168.9 million (net of estimated property reinsurance recovery of \$3.3 million), compared to \$882.3 million at 30 June 2016. Investments to sufficiently cover 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 claims liabilities and associated investment balances are reported in the government's annual Report on State Finances.

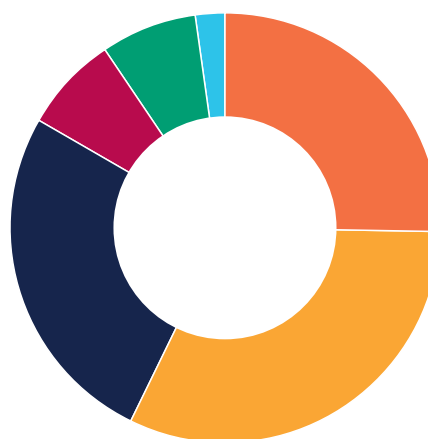
Queensland Government Insurance Fund Financial summary	30 June 2017 \$M	30 June 2016 \$M
Assets under investment	1,838.3	1,642.8
Provision for future liabilities	1,168.9	882.3
Premiums collected	189.4	189.0
Net claims paid	121.7	136.4
Fund operating expenses	4.9	4.8
Reinsurance expense	25.4	25.5

Queensland Treasury administered revenue

	2016-17	2015-16
Commonwealth funding as a percentage of total revenues	48%	47%
State funding as a percentage of total revenues	15%	17%
Funding from external sources as a percentage of total revenues	37%	36%

Royalties, state taxes, fees, levies and fines 2016-17

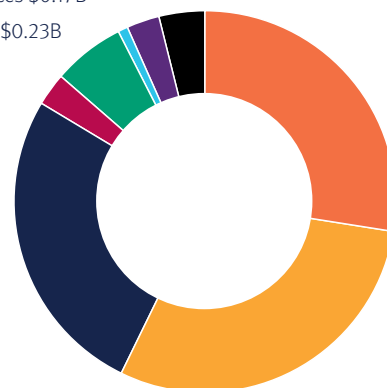
- Payroll tax \$3.74B
- Duties \$4.68B
- Royalties \$3.85B
- Land tax \$1.08B
- Gaming taxes and other taxes \$1.06B
- Fees, levies and fines \$0.29B



Administered revenue collected by Office of State Revenue increased 16.1 per cent to \$14.7 billion in 2016-17

Total administered expenses by category 2016-17

- Superannuation benefit payments \$1.67B
- Finance costs \$1.81B
- Annual Leave Central Scheme \$1.61B
- Benefit Payments \$0.16B
- Long service leave reimbursements \$0.37B
- Grants and subsidies \$0.06B
- Supplies and services \$0.17B
- All other expenses \$0.23B



Queensland Treasury

Administered Statement of Comprehensive Income for the year ended 30 June 2017

	Treasury Department Actual 2015–16 \$'000	Treasury Department Actual 2016–17 \$'000	
Income from continuing operations			
Revenue			
Grants and other contributions	17,071,872	19,559,579	Increase is largely attributable to increased Natural Disaster Relief and Recovery Arrangements (NDRRA) funding from the Australian Government and increased GST payments to Queensland.
Taxes	10,249,138	10,630,683	Increase mainly relates to transfer duty due to a favourable property market.
User charges and fees	130,765	105,390	
Royalties	2,092,949	3,846,737	Increase predominantly relates to mining royalties collected by the Office of State Revenue.
Interest	132,149	54,941	
Appropriation revenue	5,972,731	6,082,395	
Other revenue	538,355	358,015	Decrease reflects lower investment earnings on working capital fund balances during 2016–17.
Total income from continuing operations	36,187,959	40,637,740	
Expenses			
Supplies and services	165,378	167,796	
Losses on sale/revaluation of assets	10,106	10,042	
Grants and subsidies	8,514	63,462	Appropriation revenue is received from Consolidated Fund (CF) to fund administered expenses. Material variances in administered expenses are outlined below.
Benefit payments	95,762	158,069	
Finance/borrowing costs	2,028,103	1,811,934	Increase reflects grants payments to Trade and Investment Queensland and Queensland Racing Integrity Commission as a result of machinery-of-government transfers in 2016–17.
Superannuation benefit payments	1,580,244	1,669,447	
Long service leave reimbursements	363,482	372,644	
Annual Leave Central Scheme claims paid	1,554,535	1,605,539	
Other expenses	156,408	217,920	Increase reflects higher First Home Owners' Grants paid in 2016–17.
Total expenses from continuing operations	5,962,532	6,076,853	Increase reflects higher state share of superannuation beneficiary payments compared to 2015–16.
Operating result for the year before transfers to government	30,225,427	34,560,887	
Transfers of administered revenue to government	30,225,427	34,560,887	Increase primarily relates to other expenses recognised for appropriation payable at the end of 2016–17, in accordance with Section 3B.2 of the Financial Reporting Requirements.
Total administered comprehensive income	–	–	This represents revenues collected on behalf of Queensland Government which are transferred to CF. Material variances in administered revenue are outlined above.

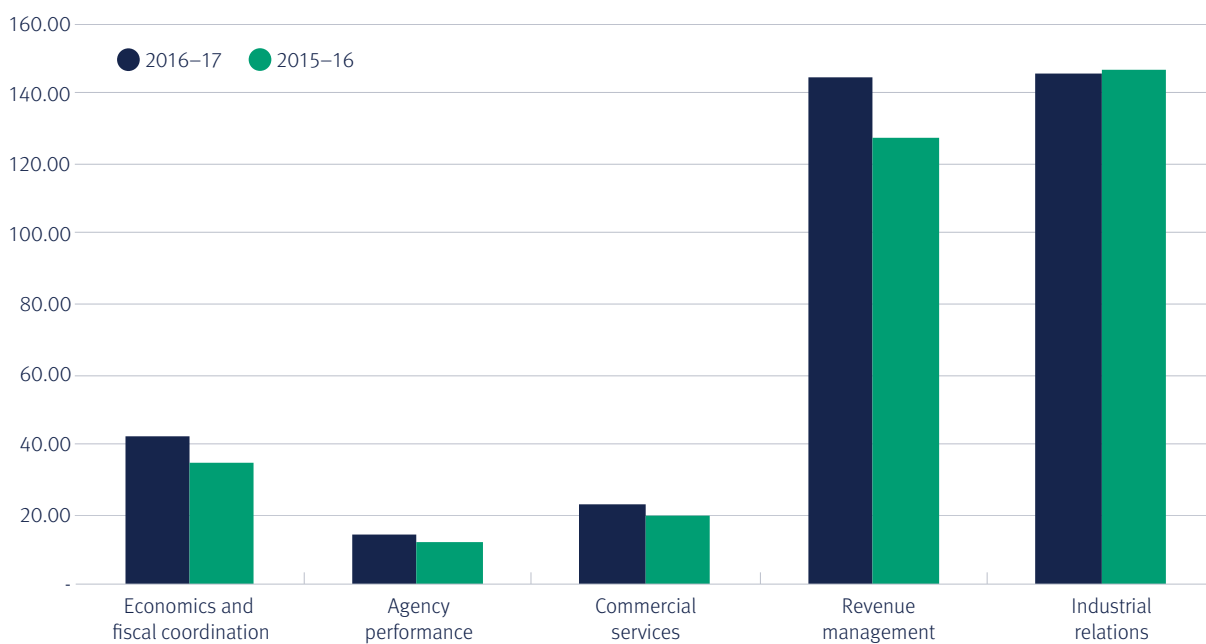
Controlled

Total expenses by category 2016–17

- Employee expenses \$202.68M
- Supplies and services \$137.64M
- Grants and subsidies \$11.63M
- Depreciation and amortisation \$3.3M
- Other \$17.76M



Total expenses by service 2016–17



Queensland Treasury

Controlled Statement of Comprehensive Income for the year ended 30 June 2017

	Treasury Department Actual 2015-16 \$'000	Treasury Department Actual 2016-17 \$'000
Income from continuing operations		
Revenue		
Appropriation revenue	210,194	241,099
User charges and fees	29,081	30,311
Grants and other contributions	91,391	99,515
Other revenue	1,358	1,291
Total income from continuing operations	332,024	372,216
Expenses from continuing operations		
Employee expenses	200,532	202,679
Supplies and services	111,428	137,641
Grants and subsidies	7,600	11,626
Depreciation and amortisation	11,273	3,331
Impairment expense	143	139
Other expenses	4,799	17,619
Total expenses from continuing operations	335,775	373,035
Loss		
Loss on sale/disposal of property, plant and equipment	(6)	-
Operating result from continuing operations	(3,757)	(819)
Total comprehensive income	(3,757)	(819)

Increase relates to funding associated with SPER Transformation Program, Back to Work Program and OSR securing the integrity of the state's revenue base and improving services into the future. Also contributing is funding for enterprise bargaining increase and First Home Owners' Grant advertising campaign.

Increase relates to funding from WorkCover Queensland for workers' compensation services and Workplace Health and Safety Queensland.

Increase is largely due to impact of enterprise bargaining increase.

Increase reflects costs associated with SPER Transformation Program, increased accommodation and ICT costs as a result of move to 1 William St, and costs associated with First Home Owners' Grant advertising campaign.

Increase due to grants associated with Back to Work Program and payments to Queensland Ambulance for services provided to Workplace Health and Safety Queensland.

Decrease due to portion of Revenue Management System asset reaching end of its accounting useful life in 2015-16 and accelerated depreciation on leasehold improvement assets prior to move to 1 William St.

Increase primarily relates to other expenses recognised for appropriation payable resulting from re-profiling of a number of departmental projects and initiatives from 2016-17 to future years, in accordance with Section 3B.2 of the Financial Reporting Requirements.

Queensland Treasury

Controlled Statement of Financial Position as at 30 June 2017

	Treasury Department Actual 2015-16 \$'000	Treasury Department Actual 2016-17 \$'000
Assets		
Cash	37,910	53,116
Receivables	15,825	9,245
Other	2,828	3,925
Financial assets	16,833	26,833
Intangible assets	8,481	10,940
Property, plant and equipment	3,017	4,211
Total assets	84,894	108,270
Liabilities		
Payables	22,248	37,116
Accrued employee benefits	7,773	9,109
Other liabilities	356	396
Total liabilities	30,377	46,621
Net assets	54,517	61,649
Total equity	54,517	61,649

Increase primarily due to appropriation payable at end of 2016-17 as a result of delays in number of projects, including SPER Transformation Program, Back to Work Program and OSR securing the integrity of the state's revenue base and improving services into the future.

Decrease predominantly due to reduction in grants receivable from WorkCover Queensland for workers' compensation services and Workplace Health and Safety Queensland.

Increase mainly comprises prepayment of software licences and managed services charges relating to OSR securing the integrity of the state's revenue base and improving services into the future.

Increase reflects additional Business Development Fund investments.

Increase relates to capital expenditure associated with OSR securing the integrity of the state's revenue base and improving services into the future.

Increase largely attributable to asset replacements for Office of Industrial Relations during 2016-17.

Increase predominantly reflects increase in appropriation payable as a result of delays in a number of projects.

Increase predominantly due to an equity injection for additional Business Development Fund investments in 2016-17, partially offset by equity withdrawal for transfer of cash to WorkCover Queensland by the Office of Industrial Relations.