

# 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 2020–21, Queensland Treasury administered \$38.950 billion of revenue and \$6.608 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 \$22.772 billion, followed by state taxes of \$13.075 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.

In response to the Queensland Government's measures to support Queenslanders' health, jobs and businesses in response to the COVID-19 pandemic, Treasury implemented Payroll Tax, Land Tax, Gaming Tax and Regional Home Builder Grant boost relief measures. Land Tax and Payroll Tax refunds provided in 2020–21 were \$56.713 million.

Treasury also administered the Home Builder Grant on behalf of the Commonwealth in 2020–21.

Treasury's controlled revenue consists principally of Parliamentary appropriations. In 2020–21, appropriation revenue allocated to services was \$304.503 million (compared with \$252.325 million in 2019–20).



# Administered

## Queensland Future Fund

The government has established the Queensland Future Fund (QFF) to support Queensland's future economic success. The Debt Retirement Fund (DRF) is the first fund established under the *Queensland Future Fund Act 2020 (QFF Act 2020)* with the purpose of debt reduction. The QFF DRF will hold state investments for future growth to be used to offset state debt when assessing Queensland's credit rating.

The QFF DRF investment on Queensland Treasury's balance sheet takes the form of a Fixed Rate Note with Queensland Treasury Corporation (QTC). The QFF DRF is backed by investments in Queensland Investment Corporation (QIC) trusts held on QTC's balance sheet. The investment objectives, strategies and policies of these QIC trusts are advised by the State Investment Advisory Board (SIAB).

In 2020–21, assets contributed to the QFF DRF totalled \$7.7 billion and included a \$6 billion investment in Queensland Titles Registry, \$1.5 billion from the surplus assets held to support the Defined Benefit Scheme and \$206 million in securities held by the State.

The QFF DRF transferred the contributed assets listed above to QTC. On receipt, QTC transferred the contributed assets to QIC managed trusts. In consideration of the back to back transfers, QTC issued the QFF DRF fixed rate note to Queensland Treasury, and QIC issued units in the QIC trusts (referred to as the DRF asset portfolio) to QTC.

Interest from the DRF is quarantined and reinvested in the DRF asset portfolio.

QIC has been appointed as investment manager to implement the investment objectives set by SIAB for the DRF portfolio. Rebalancing of the DRF asset portfolio occurred following the initial asset contributions to the fund.

The actual asset allocations of the QIC trust investments for the DRF portfolio as at the reporting date are:

	30 June \$M
<b>Defensive assets</b>	
Cash	2,731.1
Fixed interest	584.5
<b>Growth assets</b>	
Equities	2,116.6
Diversified alternatives	–
<b>Unlisted assets</b>	
Infrastructure	1,605.4
Private equities	359.6
Real estate	345.0
	<b>7,742.2</b>

Only the Treasurer has the power to authorise or make payments from QFF DRF under section 10 of the *QFF Act 2020*. Payments from the DRF may be made only for repayment of the state's debt and paying fees or expenses relating to the administration of the fund. No withdrawals were made from the DRF for debt repayment in 2020–21.

# 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 93% 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 2021 was \$3,501 million, compared to \$2,624 million at 30 June 2020. The significant increase is largely driven by an increase in the provision for historical child sexual abuse claims following greater than expected claim experience. 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 2021 \$M	30 June 2020 \$M
Assets under investment	1,723.1	1,450.9
Provision for future liabilities	3500.7	2,623.8
Premiums collected	218.2	204.0
Net claims paid	207.8	310.6
Fund operating expenses	6.8	5.6
Reinsurance expense	31.2	27.6

## Queensland Treasury administered revenue

	2020–21 Actual \$B	2019–20 Actual \$B
Commonwealth payment	\$22.77	\$17.83
State taxes, royalties and other state revenue	\$16.18	\$16.61

### State taxes, royalties and other state revenue 2020–21

- + Duties \$5.74B
- + Payroll tax \$4.21B
- + Land tax \$1.53B
- + Gaming taxes and other taxes \$1.47B
- + Royalties \$2.49B
- + Fees, levies and fines \$0.35B
- + Other state revenue \$0.39B

### Total administered expenses by category 2020–21

- + Superannuation benefit payments \$1.73B
- + Annual Leave Central Scheme claims paid \$1.85B
- + Long service leave reimbursements \$0.38B
- + Finance/borrowing costs \$1.33B
- + Grants and subsidies \$0.9B
- + Supplies and services \$0.13B
- + Other expense \$0.27B



# Queensland Treasury

## Administered Statement of Comprehensive Income

### for the year ended 30 June 2021

	Treasury Department Actual 2020–21 \$'000	Treasury Department Actual 2019–20 \$'000
<b>Income from operations</b>		
<b>Revenue</b>		
Grants and other contributions <sup>1</sup>	22,771,866	17,833,696
Taxes <sup>2</sup>	13,075,153	11,548,671
Royalties <sup>3</sup>	2,486,701	4,493,630
Appropriation revenue <sup>4</sup>	6,652,311	6,512,602
Interest revenue <sup>5</sup>	33,489	23,495
User charges and fees <sup>6</sup>	43,088	44,049
Other revenue <sup>7</sup>	539,591	502,665
Gain on transfer/fair value movement of other financial assets <sup>8</sup>	6,217,456	–
<b>Total income from operations</b>	<b>51,819,655</b>	<b>40,958,808</b>
<b>Expenses from operations</b>		
Supplies and services <sup>9</sup>	132,769	138,340
Losses on receivables <sup>10</sup>	11,549	50,677
Finance/borrowing costs <sup>11</sup>	1,332,989	1,200,380
Grants and subsidies <sup>12</sup>	904,224	619,350
Superannuation benefit payments	1,732,347	1,746,946
Long service leave reimbursements	380,642	476,437
Annual Leave Central Scheme claims paid	1,852,278	1,955,604
Other expenses <sup>13</sup>	261,243	345,008
<b>Total expenses from operations</b>	<b>6,608,041</b>	<b>6,532,742</b>
<b>Operating result before transfers to government</b>	<b>45,211,614</b>	<b>34,426,066</b>
<b>Transfers of administered revenue to government<sup>14</sup></b>	<b>38,967,896</b>	<b>34,426,066</b>
<b>Total administered comprehensive income</b>	<b>6,243,718</b>	<b>–</b>

1 Increase mainly relates to GST revenue due to significant upward revision in estimated total GST collections for 2020–21, increase in National Partnership Payments for capital projects as a result of large payments for road investment compared to last year, increase in recurrent Specific Purpose Payments, including schools funding due to the indexation of the Quality Schools funding arrangement and increase in capital Specific Purpose Payments relating to Commonwealth HomeBuilder grants which commenced in July 2020.

2 Increase mainly relates to transfer duties which reflects strong activity in the residential market, duties on vehicle registration as a result of higher vehicle sales, duties on insurance reflecting growth in population, premium and coverage levels, increase in gaming machine tax largely reflecting the longer lockdowns in 2020 compared with 2021 and increase in land tax reflecting the timing impact of COVID-19 relief measures in 2020 and growth in land values in 2021.

3 Decrease mainly relates to coal royalties largely as a result of a decrease in prices for all types of coal as well as decreased coal export volumes. Also contributing is decrease in petroleum and LNG royalties reflecting a fall in export prices.

4 Increase is in line with increase in administered expenses (excluding impairment loss). Administered appropriation revenue is received from the Consolidated Fund to fund administered expenses.

5 Increase mainly relates to interest from the QTC Fixed Rate Note created for the Debt Retirement Fund. This is partially offset by decrease in interest from trust funds under the *Agents Financial Administration Act 2014* (AFAA) due to decrease in the 30 day bank bill rate and decrease in interest from investments due to the closing of the QTC Cash Fund in January 2020.

6 Decrease is mainly relates to SPER fees due to lower referral volumes during 2020–21.

7 Increase mainly relates to SPER fines and competitive neutrality fees paid by government-owned corporations, partially offset by decreased unclaimed monies received.

8 Increase reflects gains associated with the transfer of 75% of Queensland Titles Registry and Aurizon shares to the Debt Retirement Fund.

9 Decrease mainly due to decrease in GST administration costs.

10 Decrease is mainly due to increase in impairment loss reversals for taxes and SPER fines, partially offset by increase in bad debt write-offs for taxes and SPER fines.

11 Increase mainly relates to interest on government debt pools and market value realisation charge due to the transfer of debt from QTC Debt Pool to QTC Variable Rate Loan, partially offset by a decrease in interest on advances from Government-Owned Corporations.

12 Increase relates to grant payments to statutory bodies mainly as a result of MOG transfer in of responsibilities for the Queensland Reconstruction Authority effective 1 June 2020 and the subsequent transfer out effective 1 December 2020, the Commonwealth HomeBuilder grant payments which commenced in July 2020 and First Home Owners Grant payments due to increase in volume of grant payments. This is partially offset by a decrease in payroll tax and land tax refunds as part of State's Tax Relief measures in response to impact of COVID-19.

13 Decrease mainly relates to Queensland Government Insurance Fund general liability insurance claims.

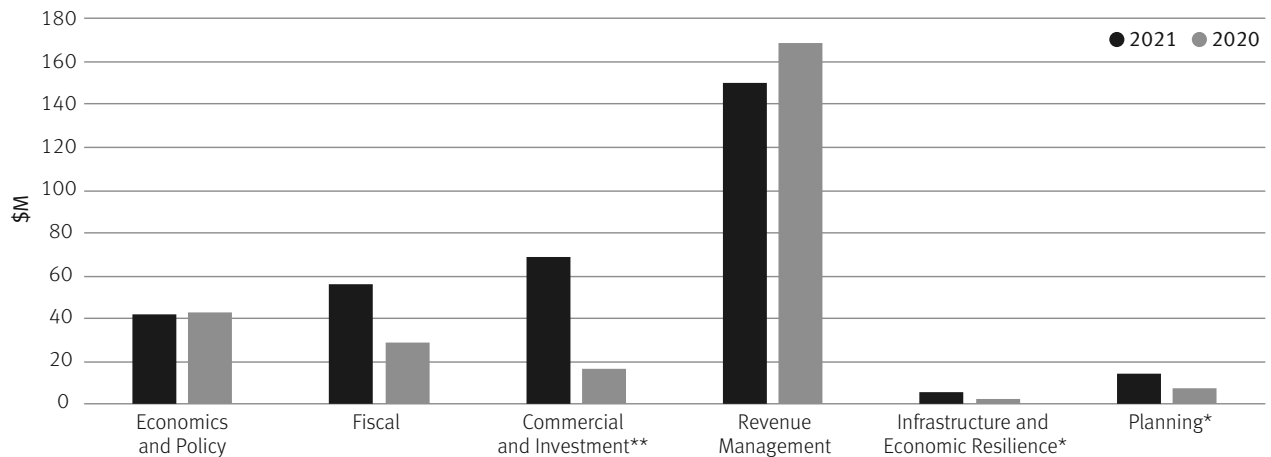
14 Increase is in line with increase in administered revenue (excluding appropriation) received.

# Controlled

## Total expenses by category 2020–21

- + Employee expenses \$138.54M
- + Supplies and services \$116.65M
- + Grants and subsidies \$68.86M
- + Depreciation and amortisation \$4.52M
- + Interest expenses \$0.05M
- + Other expenses \$4.03M

## Total expenses by service 2020–21



\*Effective 1 December 2020 transferred out of Queensland Treasury as a result of machinery of government changes.

\*\*Effective 1 December 2020 Investment transferred into Queensland Treasury as a result of machinery of government changes.

## Queensland Treasury controlled key financial performance indicators 2020–21

	2020–21 Actual \$M	2019–20 Actual \$M
Net cost of services funded by appropriation	304.50	252.33
State funding as percentage of total revenue	81%	88%
Fixed and intangible assets employed	29.02	23.49
Net asset	421.10	148.04



# Queensland Treasury

## Controlled Statement of Comprehensive Income

### for the year ended 30 June 2021

	Treasury Department Actual 2020–21 \$'000	Treasury Department Actual 2019–20 \$'000
<b>Income from operations</b>		
<b>Revenue</b>		
Appropriation revenue <sup>1</sup>	304,503	252,325
User charges and fees <sup>2</sup>	59,249	31,790
Grants and contributions <sup>3</sup>	23,333	-
Interest revenue <sup>4</sup>	1,693	659
Dividends received <sup>5</sup>	205,973	-
Other revenue <sup>6</sup>	3,940	7,813
Gain/(loss) on transfer of assets/fair value movement of investments <sup>7</sup>	(223,626)	(4,354)
<b>Total income from operations</b>	<b>375,065</b>	<b>288,233</b>
<b>Expenses from operations</b>		
Employee expenses <sup>8</sup>	138,539	120,814
Supplies and services <sup>9</sup>	116,651	125,160
Grants and subsidies <sup>10</sup>	68,860	11,594
Depreciation and amortisation	4,523	4,465
Interest expense	45	-
Other expenses	4,025	3,859
<b>Total expenses from operations</b>	<b>332,643</b>	<b>265,892</b>
<b>Operating result for the year</b>	<b>42,422</b>	<b>22,341</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to operating result</b>		
Increase in revaluation surplus <sup>11</sup>	1,078	-
<b>Total for Items that will not be reclassified subsequently to operating result</b>	<b>1,078</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>	<b>43,500</b>	<b>22,341</b>

- Increase predominantly relates to machinery of government (MOG) transfer in of Investment Facilitation and Partnerships (IFP) effective 1 December 2020, MOG transfer in of Planning and Infrastructure and Economic Resilience (IER) effective 1 June 2020 and their subsequent MOG transfer out effective 1 December 2020, equity to output swap for the decrease in fair value for the Backing Queensland Business Investment Fund, State's contribution towards the Resources Community Infrastructure Fund and additional funding for the Debt Recovery and Compliance Program and the administration of the HomeBuilder grants. This is partially offset by decrease in funding for the Office of State Revenue Transformation Program and State Penalties Enforcement Registry (SPER) ICT Program and for grant payments associated with emerging whole of government priorities.
- Increase mainly relates to Financial Provisioning Scheme's (FPS) fund contributions and assessment fees. Also contributing is reimbursement of costs associated with the setting up of Queensland Future Fund.
- Increase relates to contributions from participating mineral resource industry parties towards the Resources Community Infrastructure Fund.
- Increase mainly relates to notional interest recognised on finance lease receivable as a result of the MOG transfer of IFP.
- Increase represents in-specie dividend received from Queensland Treasury Holdings relating to the Aurizon shares .
- Decrease mainly relates to decreased FPS surety redemptions and a settlement payment received in 2019–20.
- Increase mainly relates to loss recognised on the transfer of Aurizon shares to the Debt Retirement Fund and unrealised loss in Backing Queensland Business Investment Fund fair value movement, partially offset by unrealised gain in Business Development Fund fair value movement and the transfer in of net assets of Queensland Productivity Commission.
- Increase predominantly relates to the impact of MOG transfers of Planning, IER and IFP. Also contributing is increase in expenses for the Debt Recovery and Compliance Programs and the administration of the HomeBuilder grants.
- Decrease mainly relates to costs associated with Office of State Revenue Transformation Program and SPER ICT Program. Also contributing are expenses associated with Service Priority Review Office in 2019-20 and decreased costs for the COVID-19 Assistance Package Response. This is partially offset by Project Maroon facilitation fee, costs associated with setting up the Queensland Future Fund and the impact of the MOG transfers of Planning, IER and IFP.
- Increase is predominantly due to the transfer of Resources Community Infrastructure Fund to the Department of State Development, Infrastructure, Local Government and Planning in February 2021 and grant programs managed by IFP, including Jobs and Regional Growth Fund and Advance Queensland Industry Attraction Fund. This is partially offset by a decrease in grant payments for emerging whole of government priorities and FPS grants payments.
- The increase in revaluation surplus of \$1.1M (100%) relates to the increase in fair value of land and buildings which were transferred to Treasury as a result of the MoG transfer.

# Controlled

## Queensland Treasury Controlled Statement of Financial Position as at 30 June 2021

	Treasury Department Actual 2020–21 \$'000	Treasury Department Actual 2019–20 \$'000	
<b>Assets</b>			
Cash <sup>1</sup>	210,749	143,133	1 Increase predominantly relates to increase in deferred appropriation payable, impact of MOG transfers of Planning, IER and IFP, increase in equity withdrawal payable and increased cash assets held by FPS. This is partially offset by decreased operational payables.
Receivables <sup>2</sup>	68,499	27,521	2 Increase predominantly relates to finance lease receivable transferred in as a result of MOG transfer of IFP and increased Annual Leave Central Scheme and Long Service Leave Central Scheme claims receivables. This is partially offset by the transfer out of a land parcel under development as a result of the MOG transfer of Planning.
Other financial assets <sup>3</sup>	263,190	76,284	3 Increase is a result of investments in Backing Queensland Business Investment Fund and FPS Fund's investments in QJC Cash Enhanced Fund.
Other assets <sup>4</sup>	7,375	5,507	4 Increase mainly relates to prepaid salaries and wages and prepayments for products and services.
Land held for sale <sup>5</sup>	22,000	..	5 Increase relates to land held for sale as a result of the MOG transfer of IFP.
Property, plant and equipment <sup>6</sup>	11,706	104	6 Increase reflects the transfer in of land and buildings as a result of the MOG transfer of IFP.
Intangibles <sup>7</sup>	17,317	23,386	7 Decrease reflects amortisation recognised and the transfer out of intangibles as a result of MOG transfers of Planning and IER. This is partially offset by capital expenditure associated with the S/4HANA technical upgrade.
<b>Total assets</b>	<b>600,836</b>	<b>275,935</b>	8 Increase is predominantly due to increase in deferred appropriation payable, payables to environmental authority holders relating to FPS cash sureties, equity withdrawal payable and IFP grants payable. This is partially offset by decrease in operational payables and inter-departmental payable associated with post MOG transactions.
<b>Liabilities</b>			
Payables <sup>8</sup>	175,239	120,910	9 Decrease is mainly due to the impact of MOG transfers of Planning, IER and IFP and decrease in accrued salary and wages reflecting the number of working days remaining after the last pay for the financial year. This is partially offset by accrued salary and wages at 30 June 2021 associated with the back-dated pay increases for senior officers for which payments were made in July 2021.
Accrued employee benefits <sup>9</sup>	4,498	6,985	10 Increase predominantly relates to equity injections for investments in Backing Queensland Business Investment Fund and the impact of MOG transfers of Planning, IER and IFP. This is partially offset by the transfer of finance lease repayments received to the Consolidated Fund and the transfer of Business Development Fund balance to support Project Maroon.
<b>Total liabilities</b>	<b>179,737</b>	<b>127,895</b>	
<b>Net assets</b>	<b>421,099</b>	<b>148,040</b>	
<b>Total equity<sup>10</sup></b>	<b>421,099</b>	<b>148,040</b>	

