Service reports

Fiscal

Treasury drives the long-term sustainability of Queensland’s fiscal position by effective statewide balance sheet and operating statement management, financial risk management and accountability through providing expert advice, policy development and disclosure of whole-of-state budget and financial statements.

It does this by:

+ preparing the Queensland Budget
+ preparing whole-of-government financial reports and accounts
+ managing the balance sheet and having oversight of the state’s interests
+ managing the state’s financial risks.

COVID-19 has presented a significant fiscal and economic challenge. However, Queensland’s economic recovery is underway with transition of the economic and policy response from short-term support to supporting jobs and economic growth.

Objective

Deliver fiscal sustainability

COVID-19 Fiscal and Economic Review


Queensland’s Budget

Treasury delivered 2 Budgets within 7 months. The delayed 2020–21 Budget in December 2020 provided a strategy for fiscal recovery and focused on prioritising economic recovery alongside targeted expenditure and capital investment.

Queensland’s economic recovery from COVID-19 is now well underway. The 2021–22 Queensland Budget delivered in June 2021 detailed the government’s fiscal strategy which is underpinned by Treasury’s development of a new Charter of Fiscal Responsibility.

Compared to the outlook in the 2020–21 Budget, the economy has recovered faster and stronger than forecast. Revenues have rebounded from the initial impact of the pandemic. This recovery is allowing the government to balance additional funding for priority service needs with improved operating balances and significantly lower net debt and borrowings relative to the 2020–21 Budget.

Queensland Future Fund – the Debt Retirement Fund

The Queensland Future Fund (QFF) legislation was introduced in June 2021. Within the QFF, the Debt Retirement Fund reduces debt by holding investments targeted for future growth to support current and future borrowings. It manages debt responsibly and is structured to offset state debt by credit rating agencies when assessing Queensland’s debt burden.

The benefits of the Debt Retirement Fund are already being seen, with General Government Sector net debt at 30 June 2021 forecast in the 2021–22 Queensland Budget to be $15.8 billion.

Financial Provisioning Scheme

The Financial Provisioning Scheme continued to transition all assessable environmental authorities into the Risk Category Allocation assessment process. It administers both approved forms of surety (bank guarantees, insurance bonds, cash) and contributions to the Financial Provisioning Fund in its role in managing the state’s associated financial risk of small miners and resource sector holders of an environmental authority not meeting their obligations.

Economics and policy

Treasury provides preeminent economic and revenue forecasts and policy advice to government to support economic and fiscal policy formulation and to complement specialist knowledge within line agencies.

Key functions in this service include:

+ developing policy, and monitoring performance and expenditure
+ providing economic advice and informing development of the government’s economic strategy
+ providing definitive economic and revenue forecasts
+ coordinating Treasury’s intergovernmental interactions.
Service reports

Objective
Grow the Queensland economy and create jobs
Treasury continued to provide economic analysis, modelling and policy advice on the potential impacts of COVID-19 on the Queensland economy, which included informing the government’s Economic Recovery Plan and development of the plan’s 2021–22 Budget update.
Through providing economic leadership and expertise, Treasury played a critical role in the government’s proactive response to sustainably grow the Queensland economy and create jobs.

Partnerships with agencies
Throughout 2020–21, Treasury collaborated with other Queensland Government agencies in a range of areas including:
+ negotiating approval for funding agreements with the Australian Government
+ supporting negotiations with the Australian Government on the proposed new National Skills Agreement
+ advising on The Queensland Government Guide to Better Regulation to support regulatory processes across government
+ supporting Queensland’s implementation of new National Cabinet architecture and its impact on the Council on Federal Financial Relations and the new Federation Funding Agreements Framework

+ developing the Housing Investment Fund and the Housing Investment Growth Initiative with the Department of Communities, Housing and Digital Economy
+ assessing proposals for new and upgraded school infrastructure with the Department of Education
+ developing, with the Department of Regional Development, Manufacturing and Water, a roadmap of investments in water infrastructure to provide water security and promote economic development.

Commercial and investment
Treasury is focused on structuring commercial opportunities and activities to support business investment through:
+ managing existing and new assets, investments, financial and commercial risks
+ supporting economic recovery and growth in Queensland by providing robust financial and commercial advice to the Queensland Government on commercial and strategic investments, and attracting and facilitating investment opportunities that provide enduring economic benefit to Queensland
+ providing strategic oversight, direction and advice to shareholding ministers in relation to the operation and performance of government-owned corporations (GOCs) and other commercial government businesses in the energy, water, ports and rail sectors, as well as QIC.

Objective
Drive public sector reform
In 2020–21, Treasury played a critical role in driving public sector reform to improve efficiency in government services including:
+ establishing the Office of Productivity and Red Tape Reduction within Treasury
+ partnering with Queensland Health to negotiate a new National Agreement on Mental Health and Suicide Prevention
+ assisting in abolishing the Public Safety Business Agency (PSBA), as part of the government’s Savings and Debt Plan
+ working with the Department of Transport and Main Roads to deliver priority capital projects, public transport services and heavy vehicle road reform
+ contributing to the establishment of the Path to Treaty Fund.

Objective
Grow the Queensland economy and create jobs
During 2020–21, Treasury actively engaged in commercial and investment opportunities, generating or retaining 2,336 jobs and $1.3 billion in capital expenditure.
Achievements have included:
+ allocating $974.4 million to date as part of the Industry Support Package, following enquiries from transport, airline, tourism, and hospitality and entertainment businesses
+ announcing 35 projects under the Advance Queensland Industry Attraction Fund (AQIF) and Essential Goods and Supply Chain Program, noting AQIF commenced in 2016. These programs are expected to generate over 2,000 new direct jobs and almost $500 million in capital expenditure over the life of the fund
+ announcing 43 projects announced under the Jobs and Regional Growth Fund, which commenced in 2017. This program is expected to generate over $1.9 billion in capital investment and 1,850 operational jobs in regional Queensland over the life of the fund
+ supporting strategic investment projects that secured the head office of Virgin Australia and the commitment by Boeing to develop the ‘Loyal Wingman’ Airpower Teaming System
+ leading the establishment of the Debt Retirement Fund
+ leading the Build-to-Rent Pilot Project, as part of the Queensland Housing Strategy 2017–2027
+ administering the $2 billion Renewable Energy and Hydrogen Jobs Fund
+ establishing the $100 million Business Investment Fund
+ continuing to support, in partnership with the Department of Energy and Public Works, initiatives to deliver cost-effective, reliable energy supply for Queensland including fast-tracking the development, production, export and use of hydrogen in Queensland.

Commencing in 2021–22, Treasury will manage the new Invested in Queensland program with the aim of creating 5,000 ongoing jobs over the 10-year life of the program.

Revenue management
Treasury’s Office of State Revenue (OSR) administered revenue of around $16 billion in 2020–21 by delivering simple, efficient and equitable revenue management of state taxes and royalties. Key revenue sources included duties, payroll tax, betting tax and land tax, as well as mining and petroleum royalties.

OSR ensures the integrity of the state’s revenue base and compliance with revenue legislation through a robust compliance program and by collecting penalty debt owed to the state through the State Penalty Enforcement Registry. It also administers home owner and builder grants.

Objective
Deliver fiscal sustainability
As part of the government’s $3 billion Savings and Debt Plan, OSR commenced its Debt Recovery and Compliance Program to maximise existing revenue sources. The program aims to collect unpaid monies from within existing revenue and penalty debt systems and is expected to raise $488.1 million by 30 June 2024. OSR opened a new Debt Management Centre, collecting $38.3 million in debt from fines and penalties in its first 6 months of operation.

In 2020–21, $266.3 million of penalty debt was collected with a debt clearance rate as at 30 June 2021 of 102 per cent.

Tax relief measures, including deferral of tax obligations for eligible individuals and businesses, also remained available throughout the 2020–21 year as part of the government’s economic recovery measures.

During 2020–21, OSR completed its transformation program by delivering:
+ an online intelligent virtual assistant available to help with general enquiries about state taxes, royalties and home owner grants
+ establishing a new online taxpayer portal that provides more streamlined online processes, more pre-filled forms, enhanced automation, and greater transparency to taxpayers of their obligations and entitlements
+ automating processes to increase internal efficiencies and reduce work backlogs.

OSR will increase audit and investigation for taxes and royalties, and provide more client centric services throughout 2021–22.

Objective
Grow the Queensland economy and create jobs
During the 2020–21 financial year, OSR paid more than 13,019 home owner and builder grants worth $183 million to support eligible home owners to buy or build their home. These include the existing First Home Owners’ Grant and the new Regional Home Builder Boost Grant. OSR also administers the HomeBuilder Grant on behalf of the Australian Government.