Financial statements

Foreword

Queensland Treasury's Financial Statements are general purpose financial statements prepared in accordance with prescribed requirements including *Australian Accounting Standards* and the *Financial Reporting Requirements* issued by the Treasurer.

The Financial Statements comprise the following components:

- Statements of Comprehensive Income
- Statements of Financial Position
- Statements of Changes in Equity
- Statements of Cash Flows
- Statements of Comprehensive Income by Major Departmental Services
- Statements of Assets and Liabilities by Major Departmental Services
- Notes to the Financial Statements.

In addition, Queensland Treasury (Treasury) administers transactions and balances in a trust or fiduciary capacity. These are identified in notes 48–51.

Treasury and Queensland Treasury Holdings Pty Ltd (QTH) are controlled by the State of Queensland which is the ultimate parent entity.

The head office and principal place of business of Treasury is:

1 William St

BRISBANE QLD 4000

	Notes	Consolidated Entity 2022 Actual $'000	Consolidated Entity 2021 Actual $'000	Parent Entity 2022 Actual $'000	Parent Entity 2022 Adjusted budget* $'000	Parent Entity 2022 Budget variance* $'000	Parent Entity 2021 Actual $'000
Income from operations							
Appropriation revenue	3	333,133	304,503	333,133	479,052	(145,919)	304,503
User charges and fees	4	79,067	59,249	79,067	66,563	12,504	59,249
Grants and contributions		900	23,333	900	..	900	23,333
Interest revenue	5	10,045	9,893	2,349	2,431	(82)	1,693
Dividends revenue	6	..	15,434	..	..	..	205,973
Other revenue		4,636	4,442	4,229	1,150	3,079	3,940
Total revenue		427,781	416,854	419,678	549,196	(129,518)	598,691
Gain on sale of assets and fair value movement of investments	7	5,752	1,145	5,752	..	5,752	1,145
Total income from operations		433,533	417,999	425,430	549,196	(123,766)	599,836
Expenses from operations							
Employee expenses	8	142,686	138,539	142,686	156,158	(13,472)	138,539
Supplies and services	9	123,213	116,651	123,213	140,161	(16,948)	116,651
Grants and subsidies	10	66,181	68,860	66,181	198,968	(132,787)	68,860
Losses on assets	11	14,070	293,842	13,893	..	13,893	224,771
Depreciation and amortisation		6,784	4,523	6,784	3,075	3,709	4,523
Interest expense		5,535	5,023	623	2,293	(1,670)	45
Other expenses	12	5,349	5,093	4,245	3,195	1,050	4,025
Total expenses from operations		363,818	632,531	357,625	503,850	(146,225)	557,414
Operating result before income tax expense		69,715	(214,532)	67,805	45,346	22,459	42,422
Income tax expense/(benefit)	13	584	(18,521)	..	..	..	..
Operating result for the year		69,131	(196,011)	67,805	45,346	22,459	42,422
Other comprehensive income							
Items that will not be reclassified to operating result							
Increase in revaluation surplus		2,395	1,078	2,395	..	2,395	1,078
Total for Items that will not be reclassified subsequently to operating result		2,395	1,078	2,395	..	2,395	1,078
Total comprehensive income/ (loss)		71,526	(194,933)	70,200	45,346	24,854	43,500

* An explanation on the use of adjusted budget amounts and major variances is included at note 28.
The accompanying notes form part of these statements.

		Consolidated Entity		Parent Entity			
		2022	2021	2022	2022	2022	2021
		Actual	Actual	Actual	Adjusted budget*	Budget variance*	Actual
	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Current assets							
Cash and cash equivalents	14	489,989	325,514	388,750	181,497	207,253	210,749
Receivables	15	35,562	30,643	26,184	21,086	5,098	21,826
Other financial assets	16	60,891	46,132	60,891	..	60,891	46,132
Other assets		10,926	7,535	10,717	4,940	5,777	7,375
		597,368	409,824	486,542	207,523	279,019	286,082
Land held for sale	17	..	22,000	..	..	..	22,000
Total current assets		597,368	431,824	486,542	207,523	279,019	308,082
Non-current assets							
Receivables	15	166,764	176,869	44,058	58,877	(14,819)	46,673
Other financial assets	16	155,016	269,190	103,061	127,384	(24,323)	217,058
Property, plant and equipment	18	160,166	11,706	160,166	164	160,002	11,706
Intangibles	19	1,677	17,317	1,677	14,046	(12,369)	17,317
Deferred tax asset	20	20,659	20,584	..	..	..	..
Total non-current assets		504,282	495,666	308,962	200,471	108,491	292,754
Total assets		1,101,650	927,490	795,504	407,994	387,510	600,836
Current liabilities							
Payables	21	295,713	195,986	294,878	85,300	209,578	175,239
Accrued employee benefits		4,339	4,498	4,339	3,114	1,225	4,498
Interest bearing liabilities	22	1,635	1,559	..	..	..	..
Total current liabilities		301,687	202,043	299,217	88,414	210,803	179,737
Non-current liabilities							
Payables	21	625	988	..	..	..	..
Interest bearing liabilities	22	99,704	101,339	..	..	..	..
Total non-current liabilities		100,329	102,327	..	..	..	..
Total liabilities		402,016	304,370	299,217	88,414	210,803	179,737
Net assets		699,634	623,120	496,287	319,580	176,707	421,099
Equity							
Accumulated surplus		312,049	239,445	203,115	167,774	35,341	131,837
Revaluation surplus		..	1,078	..	..	..	1,078
Contributed equity		387,585	382,597	293,172	151,806	141,366	288,184
Total equity		699,634	623,120	496,287	319,580	176,707	421,099

* An explanation on the use of adjusted budget amounts and major variances is included at note 28.

The accompanying notes form part of these statements.

	Notes	Consolidated Entity 2022 Actual $'000	Consolidated Entity 2021 Actual $'000	Parent Entity 2022 Actual $'000	Parent Entity 2021 Actual $'000
Accumulated surplus					
Balance 1 July		239,445	435,455	131,837	89,415
Operating result from operations		69,131	(196,011)	67,805	42,422
Transfer from revaluation surplus for disposal of assets		3,473	..	3,473	..
Balance 30 June		312,049	239,445	203,115	131,837
Revaluation surplus					
Balance 1 July		1,078	..	1,078	..
Increase/(decrease) in asset revaluation surplus		2,395	1,078	2,395	1,078
Transfer to accumulated surplus for disposal of assets		(3,473)	..	(3,473)	..
Balance 30 June		..	1,078	..	1,078
Contributed equity					
Balance 1 July		382,597	153,038	288,184	58,625
Transactions with owners as owners:					
Appropriated equity injections	3	195,941	172,660	195,941	172,660
Appropriated equity withdrawals	3	(34,999)	(35,730)	(34,999)	(35,730)
Non-appropriated equity withdrawal		..	(8,900)	..	(8,900)
Net assets transferred in/(out) from other Queensland Government entities	2 (d) and 16	(155,954)	101,529	(155,954)	101,529
Balance 30 June		387,585	382,597	293,172	288,184
Total equity		699,634	623,120	496,287	421,099

The accompanying notes form part of these statements.

	Notes	Consolidated Entity 2022 Actual $'000	Consolidated Entity 2021 Actual $'000	Parent Entity 2022 Actual $'000	Parent Entity 2022 Adjusted budget* $'000	Parent Entity 2022 Budget variance* $'000	Parent Entity 2021 Actual $'000
Cash flows from operating activities							
Inflows							
Appropriation receipts		412,205	342,218	412,205	476,194	(63,989)	342,218
Surety receipts from Financial Provisioning Scheme		53,059	17,959	53,059	..	53,059	17,959
User charges and fees		80,274	58,537	80,224	71,386	8,838	58,385
Grants and other contribution		900	23,333	900	..	900	23,333
GST input tax credits from Australian Taxation Office (ATO)		36,002	15,175	35,261	..	35,261	13,752
GST collected from customers		2,493	1,147	2,493	..	2,493	1,147
Dividends received		..	15,434	..	..	..	..
Interest received		5,952	6,427	398	576	(178)	658
Other		4,229	3,939	4,229	7,354	(3,125)	3,939
Outflows			..			..	
Employee expenses		(142,455)	(142,279)	(142,455)	(155,728)	13,273	(142,279)
Supplies and services		(120,934)	(131,175)	(119,787)	(146,431)	26,644	(130,327)
Grants and subsidies		(68,928)	(65,631)	(68,928)	(198,968)	130,040	(65,631)
GST remitted to ATO		(3,369)	(2,649)	(2,617)	..	(2,617)	(1,064)
GST paid to suppliers		(35,895)	(13,951)	(35,895)	..	(35,895)	(13,951)
Interest paid		(4,912)	(4,978)	..	..	..	..
Income tax paid		(20,561)	(2,063)	..	..	..	..
Other		(4,581)	(2,270)	(4,581)	(8,018)	3,437	(2,270)
Net cash provided by operating activities		193,479	119,173	214,506	46,365	168,141	105,869
Cash flows from investing activities							
Inflows							
Lease payments received		14,876	6,622	13,317	9,400	3,917	5,129
Proceeds from investments		7,500	15,900	..	..	..	8,900
Proceeds from sale of land and buildings		4,223	..	4,223	..	4,223	..
Outflows							
Payments for property, plant and equipment		(165,000)	(32)	(165,000)	..	(165,000)	(32)
Payments for investments		(14,758)	(214,604)	(14,758)	(20,000)	5,242	(214,604)
Lease payments made		(5,433)	..	(5,433)	(19,182)	13,749	..
Payments for intangibles		..	(791)	..	..	..	(791)
Net cash used in investing activities		(158,592)	(192,905)	(167,651)	(29,782)	(137,869)	(201,398)
Cash flows from financing activities							
Inflows							
Equity injections		187,153	170,507	187,153	20,000	167,153	170,507
Outflows							
Repayment of borrowings		(1,559)	(1,493)	..	..	..	..
Dividend paid		..	..	..	..	..	..
Equity withdrawals		(44,623)	(28,036)	(44,623)	(12,333)	(32,290)	(28,036)
Net cash provided by/(used in) financing activities		140,971	140,978	142,530	7,667	134,863	142,471
Net increase in cash and cash equivalents		175,858	67,246	189,385	24,250	165,135	46,942
Increase in cash and cash equivalents from restructuring		(11,384)	20,674	(11,384)	(294)	(11,090)	20,674
Cash and cash equivalents at beginning of financial year		325,515	237,594	210,749	157,541	53,208	143,133
Cash and cash equivalents at end of financial year	14	489,989	325,514	388,750	181,497	207,253	210,749

* An explanation on the use of adjusted budget amounts and major variances is included at note 28.
The accompanying notes form part of these statements.

Controlled Reconciliation of Operating Result to Net Cash provided by Operating Activities
for the year ended 30 June 2022

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Total operating result	69,131	(196,011)	67,805	42,422
Non-cash items included in operating result and other adjustments:				
Loss on derecognition of assets	13,893	..	13,893	..
Depreciation/amortisation expense	6,784	4,523	6,784	4,523
(Gains)/Losses on investments	(4,504)	18,798	(4,504)	18,798
Finance lease adjustment	(4,278)	..	(4,278)	..
Interest – loans and receivables	(3,122)	(3,437)	(991)	(992)
(Gain) on sale of assets	(1,490)	..	(1,490)	..
Non-cash adjustment - equity receivable and payable	18,412	(14,442)	18,412	(14,442)
Loss on license fee receivable	177	4,808	..	..
Amortisation of unearned income	(357)	(350)	..	..
Non-cash dividends received	..	..	..	(205,973)
Loss on shares transferred	..	205,973	..	205,973
Loss on shares – revaluation	..	64,263	..	..
Change in assets and liabilities:				
(Increase)/decrease in receivables	(4,406)	(13,759)	(4,359)	(13,829)
(Increase)/decrease in other assets	(3,345)	(1,880)	(3,343)	(1,868)
(Increase)/decrease in deferred tax assets	(75)	(20,584)	..	..
Increase/(decrease) in payables	119,622	54,342	119,639	54,329
Increase/(decrease) in accrued employee benefits	(160)	(2,487)	(160)	(2,487)
Increase/(decrease) in tax provision	(19,901)	19,926	..	..
Increase/(decrease) in deferred tax liability	..	(19,925)	..	..
Adjustment to various assets and liabilities due to MoG (non-cash)	7,098	19,415	7,098	19,415
Net cash provided by operating activities	193,479	119,173	214,506	105,869

		Consolidated Entity*		
	Notes	Opening balance 2021 $'000	Cash repayments $'000	Closing balance 2022 $'000
Current/non-current liabilities				
Interest bearing liabilities	22	102,898	(1,559)	101,339
		102,898	(1,559)	101,339

*There are no liabilities arising from financing activities in the Parent entity accounts.

Controlled Reconciliation of Changes in Liabilities Arising from Financing Activities
for the year ended 30 June 2021

		Consolidated Entity*		
	Notes	Opening balance 2020 $'000	Cash repayments $'000	Closing balance 2021 $'000
Current/non-current liabilities				
Interest bearing liabilities	22	104,391	(1,493)	102,898
		104,391	(1,493)	102,898

*There are no liabilities arising from financing activities in the Parent entity accounts.

Queensland Treasury
Controlled Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2022

	Economics and Policy		Fiscal		Commercial and Investment		Revenue Management		Infrastructure and Economic Resilience***		Planning***		General – not attributed**		Inter-service/activity eliminations		Queensland Treasury	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Income from operations*																		
Revenue																		
Appropriation revenue	34,154	34,772	3,664	44,564	101,797	60,721	190,143	144,044	..	5,161	..	12,059	3,375	3,182	..	..	333,133	304,503
User charges and fees	5,439	5,498	72,470	47,753	3,495	4,442	6,663	5,349	..	..	..	1,745	409	326	(9,409)	(5,864)	79,067	59,249
Grants and contributions	..	..	900	23,333	..	..	..	..	..	..	..	..	..	..	..	..	900	23,333
Interest revenue	..	..	735	656	1,614	1,037	..	..	..	..	..	..	..	..	..	..	2,349	1,693
Dividends revenue	..	..	..	205,973	..	..	..	..	..	..	..	..	..	..	..	..	..	205,973
Other revenue	214	130	565	2,772	2,150	203	1,249	804	..	..	..	..	51	31	..	..	4,229	3,940
Total revenue	39,807	40,400	78,334	325,051	109,056	66,403	198,055	150,197	..	5,161	..	13,804	3,835	3,539	(9,409)	(5,864)	419,678	598,691
Gain on sale of assets and fair value movement of investments	..	1,145	10,198	..	(4,446)	..	..	..	..	..	..	..	..	..	..	..	5,752	1,145
Total income from operations	39,807	41,544	88,532	325,051	104,610	66,403	198,055	150,197	..	5,161	..	13,804	3,835	3,539	(9,409)	(5,864)	425,430	599,836
Expenses from operations*																		
Employee expenses	28,128	28,944	9,230	8,904	17,987	15,656	85,876	70,688	..	3,553	..	9,306	1,465	1,488	..	..	142,686	138,539
Supplies and services	11,044	12,090	11,991	10,229	12,966	19,443	94,417	73,872	..	1,191	..	3,756	2,204	1,934	(9,409)	(5,864)	123,213	116,651
Grants and subsidies	72	..	218	35,671	65,624	32,640	248	..	..	404	..	145	19	..	..	..	66,181	68,860
Losses on assets	205	..	67	226,924	104	(2,153)	13,463	..	..	..	..	..	54	..	..	..	13,893	224,771
Depreciation and amortisation	32	123	366	385	5,014	217	1,364	3,160	..	13	..	597	8	28	..	..	6,784	4,523
Interest expense	..	..	..	..	623	45	..	..	..	..	..	..	..	..	..	..	623	45
Other expenses	326	387	410	517	737	555	2,687	2,477	..	..	..	..	85	89	..	..	4,245	4,025
Total expenses from operations	39,807	41,544	22,282	282,629	103,055	66,403	198,055	150,197	..	5,161	..	13,804	3,835	3,539	(9,409)	(5,864)	357,625	557,414
Operating result for the year	..	..	66,250	42,422	1,555	..	..	..	..	..	..	..	..	..	..	..	67,805	42,422
Other comprehensive income																		
Items that will not be reclassified to operating result																		
Increase in revaluation surplus	..	..	..	..	2,395	1,078	..	..	..	..	..	..	..	..	..	..	2,395	1,078
Total other comprehensive income	..	..	..	..	2,395	1,078	..	..	..	..	..	..	..	..	..	..	2,395	1,078
Total comprehensive income	..	..	66,250	42,422	3,950	1,078	..	..	..	..	..	..	..	..	..	..	70,200	43,500

* Allocation of income and expenses to corporate services (disclosure only):

Income	8,332	8,511	2,717	2,119	4,229	4,883	29,017	24,084	..	..	..	..	2,184	1,990	..	..	46,479	41,587
Expenses	8,332	8,511	2,717	2,119	4,228	4,883	29,017	24,084	..	..	..	..	2,185	1,990	..	..	46,479	41,587

**2022 and 2021 include corporate support allocated to Motor Accident Insurance Commission and Nominal Defendant.

***Planning and Infrastructure and Economic Resilience functions have been transferred-out, effective 1 December 2020 as a result of machinery-of-government changes. Comparative FY2021 amounts represents revenue and expenses from 1 July 2020 to 30 November 2020.

Accounting policy – Allocation of revenues and expenses from ordinary activities of corporate services

Treasury allocates revenues and expenses attributable to corporate services to its controlled departmental services in the Statement of Comprehensive Income based on the average usage patterns of the services' key drivers of costs.

Queensland Treasury
Controlled Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2022

	Economic and Policy		Fiscal		Commercial and Investment		Revenue Management		General – not attributed*		Queensland Treasury	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current assets												
Cash and cash equivalents	8,623	10,530	240,928	108,488	83,079	33,133	34,990	45,969	21,130	12,629	388,750	210,749
Receivables	1,202	1,242	13,727	3,045	7,031	14,708	2,191	1,792	2,033	1,039	26,184	21,826
Other financial assets	..	..	60,891	46,132	..	..	..	..	..	..	60,891	46,132
Other assets	137	250	80	100	53	116	8,037	5,298	2,410	1,611	10,717	7,375
	9,962	12,022	315,626	157,765	90,163	47,957	45,218	53,059	25,573	15,279	486,542	286,082
Land held for sale	..	..	..	..	..	22,000	..	..	..	..	..	22,000
Total current assets	9,962	12,022	315,626	157,765	90,163	69,957	45,218	53,059	25,573	15,279	486,542	308,082
Non-current assets												
Receivables	..	..	..	..	44,058	46,673	..	..	..	..	44,058	46,673
Other financial assets	..	..	39,460	147,521	63,601	69,537	..	..	..	..	103,061	217,058
Property, plant and equipment	6	8	..	..	160,111	11,613	21	43	28	42	160,166	11,706
Intangibles	..	..	1,337	1,694	..	..	340	14,325	..	1,298	1,677	17,317
Total non-current assets	6	8	40,797	149,215	267,770	127,823	361	14,368	28	1,340	308,962	292,754
Total assets	9,968	12,030	356,423	306,980	357,933	197,780	45,579	67,427	25,601	16,619	795,504	600,836
Current liabilities												
Payables	4,239	8,360	177,439	94,214	94,296	24,760	19,949	40,315	(1,045)	7,590	294,878	175,239
Accrued employee benefits	682	670	222	192	433	460	2,092	1,709	910	1,467	4,339	4,498
Total current liabilities	4,921	9,030	177,661	94,406	94,729	25,220	22,041	42,024	(135)	9,057	299,217	179,737
Total liabilities	4,921	9,030	177,661	94,406	94,729	25,220	22,041	42,024	(135)	9,057	299,217	179,737
Net assets	5,047	3,000	178,762	212,574	263,204	172,560	23,538	25,403	25,736	7,562	496,287	421,099

The department has systems in place to allocate assets and liabilities by major departmental services.
*Includes assets and liabilities associated with corporate support functions.

1 Basis of financial statements preparation

(a) Statement of compliance

Treasury has prepared these financial statements in compliance with section 38 of the *Financial and Performance Management Standard 2019*.

Treasury is a not-for-profit entity and has prepared these general purpose financial statements in accordance with *Australian Accounting Standards and Interpretations* applicable to not-for-profit entities. In addition, the financial statements comply with the Queensland Treasury's *Financial Reporting Requirements* for the year beginning 1 July 2021 and other authoritative pronouncements. New accounting standards applied for the first time in these financial statements are outlined in note 1(h).

(b) The reporting entity

Treasury is a Queensland Government department established under the *Public Service Act 2008* and controlled by the State of Queensland, which is the ultimate parent.

For financial reporting purposes, Treasury is a department in terms of the *Financial Accountability Act 2009* and is subsequently consolidated into the *Report on State Finances* of the Queensland Government.

Treasury as an economic entity consists of the parent entity together with its controlled entity, QTH. To provide enhanced disclosure, Treasury has adopted the principles outlined in Australian Accounting Standard AASB 10 *Consolidated Financial Statements* and AASB 12 *Disclosure of Interests in Other Entities*. This approach is considered appropriate as it reflects the relationship between Treasury's core business activities and those of its controlled entity. In the process of reporting on Treasury as a single economic entity, all transactions and balances internal to the economic entity have been eliminated in full. The consolidated financial statements include the value of all revenues, expenses, assets, liabilities and equity of Treasury and the entity that it controls. Details of Treasury's controlled entity are disclosed in note 25. For the purposes of these financial statements, "QTH" refers to QTH and its controlled entities.

The accrual basis of accounting has been adopted for both controlled transactions and balances, and those administered by Treasury on a whole of government basis (except for the Statement of Cash Flows, which is prepared on a cash basis). Except when stated, the historical cost convention is used.

(c) Controlled and Administered transactions and balances

Transactions and balances are controlled by Treasury where they can be deployed for the achievement of departmental objectives.

Treasury administers, but does not control, certain resources on behalf of the government such as the borrowing and cash arrangements, collection of Australian Government grants, state taxes, royalties, fines and investment in the Queensland Future Fund. In doing so, it is responsible and accountable for administering related transactions and balances but does not have the discretion to deploy the resources for the achievement of Treasury's objectives.

Transactions and balances relating to administered resources are not recognised as controlled revenues, expenses, assets, liabilities and equity, but are disclosed separately as administered transactions and balances in the administered statements and associated notes.

If not otherwise stated, the controlled accounting policies also apply to administered transactions and balances.

(d) Australian Government taxes

Treasury is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of fringe benefits tax (FBT) and goods and services tax (GST). As such, FBT and GST credits receivable from/payable to the Australian Taxation Office (ATO) are recognised and accrued.

QTH is subject to the National Tax Equivalents Regime, and payments are made to the State Treasurer (Consolidated Fund) equivalent to the amount of Commonwealth income tax.

QTH falls under the Taxation of Financial Arrangements legislation and applies the default realisation and accrual methods.

(e) Presentation

Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero unless disclosure of the full amount is specifically required. Comparative information reflects the audited 2020–21 financial statements.

1 Basis of financial statements preparation (continued)

Current/non-current classification

Assets and liabilities are classified as either current or non-current in the statement of financial position and associated notes. Assets are classified as current where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement to beyond the 12 months after the reporting date. All other assets and liabilities are classified as non-current.

(f) Issuance of financial statements

The financial statements are authorised for issue by the Under Treasurer and Chief Finance Officer at the date of signing the Management Certificate.

(g) Accounting estimates and judgements

Estimates and assumptions that have a potential significant effect are outlined in the following notes

- notes 15 and 40 (allowance for impairment)
- notes 16 and note 27 (g) (fair value on controlled other financial assets and financial instruments)
- notes 17 and 18 (fair value on land held for sale and property)
- notes 24 and 44 (contingencies)
- notes 41 and 45 (e) (fair value on administered other financial assets and financial instruments).

Further, the matters covered in each of those notes necessarily involve estimation uncertainty with the potential to materially impact on the carrying amount of Treasury's assets and liabilities in the next reporting period. Reference should be made to the respective notes for more information.

(h) First year application of new accounting standards

No new accounting standards or interpretations that apply to the department for the first time in 2021-22 had any material impact on the financial statements.

Following the issuance of International Financial Reporting Interpretations Committee’s agenda decision on *Configuration (or Customisation) Costs in a Cloud Computing Arrangement* in April 2021, the department has not changed its accounting policy and no adjustment is required to Treasury’s financial statement accounts for 2021–22.

No Australian Accounting Standards have been early adopted for 2021–22.

2 Objectives and major activities of the department

Queensland Treasury's vision is a strong economy for all Queenslanders, which is guided by a purpose of driving government priorities through expert advice and services.

Treasury's objectives are to:

- grow the Queensland economy and create jobs
- deliver fiscal sustainability
- empower our workforce for the future
- drive public sector reform.

Treasury is funded for the departmental services it delivers principally by parliamentary appropriations. Details on Treasury’s departmental service areas can be viewed in the Service Reports section of the department’s Annual Report.

2 Objectives and major activities of the department (continued)

(a) Major activities of the department

Major activities of the department are detailed on the face of the statements by Major Departmental Services for both controlled and administered items.

The Financial Statements have been aggregated into the following disclosures (refer notes 1(b) and 1(c) for full details of this aggregation):

1 Controlled

(a) Treasury (as an entity in its own right and to which the remainder of this financial report refers) – column headed 'Parent Entity'.

(b) Consolidated (Treasury and its controlled entity QTH and its subsidiaries) – column headed 'Consolidated Entity'.

2 Administered on behalf of whole of government – shaded statements and notes.

(b) Financial Provisioning Scheme (FPS)

From 1 April 2019, Financial Assurance (now called Financial Provisioning) requirements for resource activities under the *Environmental Protection Act 1994* (EP Act) were replaced with the Financial Provisioning Scheme (Scheme) under the *Mineral and Energy Resource (Financial Provisioning) Act 2018* (MERFP Act). The Scheme manages the State's financial risk from the potential failure of a resource activity holder of an environmental authority or small-scale mining tenure (holder) to meet their rehabilitation and environmental obligations under the EP Act.

The Scheme is administered by the scheme manager, a statutory officer supported by Treasury, who is responsible for administering all holders' financial provisioning on behalf of the State of Queensland.

Under the MERFP Act, holders meet their financial provisioning obligation by providing:

- a contribution to the Financial Provisioning Fund (FP Fund); and/or
- surety, which can be in the form of cash, bank guarantee or insurance bond.

Under the EP Act, the Administering Authority (Department of Environment and Science) may make a claim against a holder's financial provisioning to the scheme manager. Where the claim is properly made, the scheme manager will either make arrangements for payments from the FP Fund or realise the surety and transfer the funds to the administering authority's designated bank account. No liability is held by Treasury for any rehabilitation obligations.

All balances/transactions relating to the Fund are reported in the controlled financial statements. Fund contributions and assessment fees are recognised under user charges and fees (note 4). FP Fund cash is reported in note 14 and FP Fund investments is reported in note 16.

Balances/transactions relating to surety are reported either in the financial statements or disclosed as contingencies.

- Cash surety is reported as cash asset (note 14) with a corresponding payable to the holders (note 21), as the Fund obtains the interest benefit from the cash surety held.
- Forfeitures of surety held are recognised as other revenue and transferred to Department of Environment and Science and/or Department of Resources as grant expenses.
- Non-cash surety is disclosed in the contingency note (note 24). Non-cash surety is only redeemable for cash when claims are made. At reporting date, it is not possible to determine the quantum or timing of claims that will be made against the non-cash surety.
- Where a notice to provide surety has been issued and the surety payment is yet to be received from holders, the aggregate surety yet to be received is also disclosed in the contingency note (note 24).

(c) Financial Reporting Impact of COVID-19 response measures

The Queensland Government has measures in place to support Queenslanders' health, jobs and businesses in response to the COVID-19 pandemic.

2 Objectives and major activities of the department (continued)

(c) Financial Reporting Impact of COVID-19 response measures (continued)

Treasury has implemented the following COVID-19 response measures in 2021–22 and 2020–21:

Taxes, Fines and Grants

Payroll tax measures

i. Extension of exclusion of JobKeeper payments for payroll tax (2022 and 2021)
ii. Six-month deferral of payroll tax payments for Tourism and Hospitality Sector – covering July and August 2021 payroll tax returns with payments deferred until 7 February 2022 and 7 March 2022, respectively
iii. Deferral of paying payroll tax for the 2020 calendar year (with multiple due dates up to January 2022)
iv. Refund of payroll tax for 2 months (2021 only: July and August 2020)

Land tax measures

i. Land tax rebate reducing land tax liabilities by 25% for the 2020–21 assessment year
ii. Three-month deferral of land tax liabilities for the 2020–21 assessment year – assessments already issued in 2021–22

Gaming machine and lotteries tax measures

i. Deferral of gaming machine tax for pubs and clubs (March 2020 tax deferred and instalments paid on June 2021, August 2021 and October 2021)
ii. Deferral of paying lotteries tax for periods July 2020 to December 2020 (due date before 1 April 2021)

Grants

i. Regional Home Building Boost Grant of $5,000
ii. Business support grants to sole traders, small and medium sized businesses and large sized Tourism and Hospitality businesses impacted by the August 2021 lockdown in Queensland.

The following significant transactions were recognised by Treasury in the administered books during 2021–22 and 2020–21 financial years in response to the COVID-19 pandemic.

Statement of Comprehensive Income	**2022 $'000**	**2021 $'000**
Significant revenue items arising from COVID-19		
Additional appropriation revenue received to fund COVID-19 relief measures (note 32)		
Payroll tax refund	39	37,935
Land tax rebate of 25% on eligible properties	334	18,778
Regional Home Building Boost Grant	18,715	6,330
Business support grants	4,298	..
Total	**23,386**	**63,043**
Taxes revenue foregone (note 30)		
Payroll tax holiday	1,027	259,531
Land tax liabilities reduction	..	55,063
Total	**1,027**	**314,594**
Significant expense items arising from COVID-19		
Payment of previously assessed and paid taxes (notes 36)		
Payroll tax refund	39	37,935
Land tax rebate of 25% on eligible properties	334	18,778
Regional Home Building Boost Grant	18,715	6,330
Business support grants	4,298	..
Total	**23,386**	**63,043**

Objectives and major activities of the department (continued)

(c) Financial Reporting Impact of COVID-19 response measures (continued)

Statement of Financial Position	**2022 $'000**	**2021 $'000**
Significant changes in assets arising from COVID-19		
Receivables recognised as at 30 June includes (note 40):		
Payroll tax deferral	..	667,080
Land tax deferral	..	85,410
Gaming machine tax deferral	..	24,531
Total	**..**	**777,021**

Treasury also administered the Commonwealth HomeBuilder Grant with a total of $238.255 million (2021: $262.985 million), refer to note 36.

Industry Support Package

Treasury, in coordination with other Queensland Government departments and agencies, has implemented the Queensland Government's Industry Support Package Program which aims to support industry and businesses through COVID-19 to get up and running as economic activity improves. The program was provided through grants, loans and other contributions to businesses. As at 30 June 2022, grants paid by Treasury amounts to $3.475 million (2021: $2.680 million), refer to note 10. The loans to businesses are provided through Queensland Treasury Corporation (QTC) with the Treasurer providing a deed of guarantee for $200 million for the loan facilities (note 24).

Treasury has paid the costs of the Industry Support Package Program management fees amounting to $69,000 in 2021–22 (2021: $207,000).

Essential Goods and Supply Chain Program

The Queensland Government is mobilising Queensland's multi-billion dollar manufacturing sector to deliver the state's Personal Protective Equipment for front-line health and essential workers, including face masks, hand sanitiser and ventilators.

The government has set a target that 25% of all Personal Protective Equipment bought by the Queensland Government would be made in Queensland and a new Personal Protective Equipment testing facility would be established at Meadowbrook. As part of this initiative, Treasury has paid grants in 2021–22 of $3.853 million (2021: $1.281 million) to support the sector (note 10).

Others

Borrowings in 2021–22 and 2020–21 were incurred in response to the ongoing COVID-19 pandemic and to supporting economic recovery.

The impact to business operations in Queensland has also affected the fair value assessment of other financial assets (note 16) reported in the controlled books.

QTH has not identified any material COVID-19 risks as at 30 June 2022. No adjustments to the amounts recorded in the financial statements have been recognised during the financial year. QTH will continuously monitor the emergence of such risks.

2 Objectives and major activities of the department (continued)

Treasurer's Advance

There were no Treasurer's advance payments for 2021–22.

In 2020–21, the Treasurer's advance of $1.370 billion was set up as part of the additional interim supply provided for in the *Appropriation (COVID-19) Act 2020*. The allocation and payments to departments were approved by the Treasurer under Section 34 of the *Financial Accountability Act 2009*. The remaining funds of $1.09 billion were returned to the Consolidated Fund as at 30 June 2021.

	2021
	$'000
Treasurer's Advance Fund Payment to Departments	
Department of Employment, Small Business and Training	133,730
Department of Local Government, Racing and Multicultural Affairs	45,000
Department of State Development, Tourism and Innovation	35,000
Department of Environment and Science	24,625
Department of Transport and Main Roads	23,160
Department of Housing and Public works	10,000
Department of Agriculture and Fisheries	6,250
Department of Natural Resources, Mines and Energy	2,500
Queensland Reconstruction Authority	2,300
	282,565

Note: The payments were made in early 2020–21 and on 1 December 2020, some of the Department's functions/name have changed as a result of the machinery-of-government changes.

2 Objectives and major activities of the department (continued)

(d) Machinery-of-government (MoG) changes 2021–22

Details of Transfers

Controlled

Transfer-out (1): Native Title Compensation Office to Department of Resources (DoR)
Basis of Transfer: Public Service Departmental Arrangements Notice (No.2) 2021
Date of Transfer : Effective from 1 July 2021

Transfer-in (2): Fines and penalty debt administration functions under the Fines Modernisation Program from Department of Transport and Main Roads (DTMR) and Queensland Police Service (QPS)
Basis of Transfer: Public Service Departmental Arrangements Notice (No.1) 2022
Date of Transfer : Effective from 1 February 2022

Transfer-out (3): Investment Transactions functions to Department of State Development, Infrastructure, Local Government and Planning (DSDILGP)
Basis of Transfer: Public Service Departmental Arrangements Notice (No.2) 2022
Date of Transfer : Effective from 1 March 2022

There were no assets and liabilities transferred into Treasury's controlled books.

Administered

The transfer-in of function under the Fines Modernisation Programs from DTMR is also reported in the administered books with the transfer of receivables amounting to $21.311 million offset by a transfer to government payable.

Trade and Investment Queensland (TIQ), as a statutory body, has also been included under Treasurer's portfolio from the Department of Premier and Cabinet effective 1 November 2021. The transfer included recognition of appropriation receivable and grant payable of $214,000.

Asset and liabilities transferred as a result of the machinery-of-government changes are as follows:

	Controlled			Administered		
	Transfer -out			Transfer-in		
	To DSDILGP $'000	To DoR $'000	Total amount $'000	From DTMR $'000	From TIQ $'000	Total amount $'000
Cash	4,294	7,090	11,384			
Receivables	1	32	33	21,311	214	21,525
Non-financial assets held for sale	26,464	..	26,464	..	..	..
Other assets	..	10	10	..	..	..
Total current assets	30,759	7,132	37,891	21,311	214	21,525
Plant, property & equipment	6,701	..	6,701	..	..	..
Total non-current assets	6,701	..	6,701	..	..	..
Total Assets	**37,460**	**7,132**	**44,592**	**21,311**	**214**	**21,525**
Payables	7	7,085	7,092	21,311	214	21,525
Accrued employee benefits	..	47	47	..	..	..
Total liabilities	**7**	**7,132**	**7,139**	**21,311**	**214**	**21,525**
Net assets	**37,453**	**..**	**37,453**	**..**	**..**	**..**

2 Objectives and major activities of the department (continued)

(d) Machinery-of-government (MoG) changes 2021–22 (continued)

The net decrease in net assets of $37.453 million was accounted for as decrease in contributed equity as disclosed in the statement of changes in equity.

Budgeted appropriation revenue of $6.373 million was reallocated to Treasury from DTMR and QPS as a result of the transfer-in of the functions under the Fines Modernisation Program.

Budget appropriation revenue of $7.217 million was reallocated from Treasury to DoR as a result of the transfer out of the Native Title Compensation Office.

Budgeted appropriation revenue of $9.992 million was reallocated from Treasury to DSDILGP as a result of the transfer of Investment Transactions.

Budgeted appropriation revenue of $27.655 million was reallocated from the Department of Premier and Cabinet to Treasury as a result of the transfer of TIQ.

Machinery-of-government changes 2020–21

Details of Transfers

Transfer-in: Investment Facilitation and Partnerships transferred from Department of Tourism, Innovation and Sport (DTIS)

Transfer-out: Planning, Infrastructure and Economic Resilience, Cities Transformation Taskforce transferred to DSDILGP

Basis of Transfer: Public Service Departmental Arrangements Notice (No.4) 2020

Date of Transfer : Effective from 1 December 2020

The assets and liabilities transferred as a result of this changes are as follows:

	2020–21 Controlled		
	Transfer-in $'000	**Transfer-out $'000**	**Net amount**
Cash	23,104	3,541	19,563
Receivables	17,102	1,332	15,770
Other current assets	..	17	(17)
Asset held for sale	22,000	..	22,000
Total current assets	62,206	4,890	57,316
Receivables	53,143	19,524	33,619
Property, plant & equipment	10,684	..	10,684
Intangibles	..	2,528	(2,528)
Total non-current assets	63,827	22,052	41,775
Total assets	**126,033**	**26,942**	**99,091**
Payables	718	189	529
Accrued employee benefits	400	1,795	(1,395)
Other current liabilities	267	1,839	(1,572)
Total current liabilities	1,385	3,823	(2,438)
Total liabilities	**1,385**	**3,823**	**(2,438)**
Net assets	**124,648**	**23,119**	**101,529**

2 Objectives and major activities of the department (continued)

Machinery-of-government changes 2020–21 (continued)

The increase in net assets of $101.529 million was accounted for as an increase in contributed equity as disclosed in the statement of changes in equity.

Budgeted appropriation revenue of $79.777 million (controlled books) was reallocated to Treasury from DTIS as a result of the transfer-in of the Investment Facilitation and Partnerships functions.

Budgeted appropriation revenue of $33.481 million (controlled books) and $417.450 million (administered books) was reallocated from Treasury to DSDILGP with the transfer-out of the Planning and Infrastructure and Economic Resilience functions (controlled).

e) Transfer of Queensland Productivity Commission (QPC) 2020–21

Under the Debt Reduction and Savings Act 2021, Queensland Productivity Commission (now abolished) joined Treasury as the Office of Productivity and Red Tape Reduction under the Economics and Fiscal Division effective 2 June 2021. The following are the asset and liabilities transferred on 2 June 2021 based on the final financial statements audited by the Queensland Audit Office:

	2020–21 Controlled $'000
Cash and cash equivalents	1,111
Receivables	96
Right-of-use assets	168
Total assets	**1,375**
Trade and other payables	25
Lease liabilities	180
Provisions	25
Total liabilities	**230**
Net position	**1,145**

The net position transferred was recognised as a "Gain on transferred assets" in the Controlled Statement of Comprehensive Income in 2020–21. Upon transfer to Treasury, the right-of-use assets and lease liabilities from the accommodation cost under AASB 16 *Leases,* were recognised as property expenses upon full payment of the lease liability for the remaining 4 months lease term.

f) Climate risk disclosure

Treasury addresses the financial impacts of climate related risks by identifying and monitoring accounting judgements and estimates that will potentially be affected, including asset useful lives, fair value of assets, provisions or contingent assets and liabilities, and changes to expenses and revenue.

Based on our assessment, there is no direct impact on Treasury's accounts for 2021–22. The fiscal impact of climate change on taxes and royalty revenue, will emerge over the medium to long-term, along with the implications for the State's balance sheet. As at reporting date, the effect cannot be quantified.

QTH has not identified any material climate related risks relevant as at 30 June 2022 but will continuously monitor the emergence of such risks.

	Consolidated Entity 2022 $'000	Consolidated Entity 2021 $'000	Parent Entity 2022 $'000	Parent Entity 2021 $'000
3 Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in the Statement of Comprehensive Income				
Budgeted appropriation revenue	477,879	371,772	477,879	371,772
Transfer (to)/from other departments - redistribution of public business	(1,685)	..	(1,685)	..
Transfer (to)/from other headings (variation in headings)	(63,989)	..	(63,989)	..
Lapsed appropriation revenue	..	(29,555)	..	(29,555)
Total appropriation receipts	412,205	342,217	412,205	342,217
Less appropriation revenue receivable MoG transfer in	..	(9,358)	..	(9,358)
Less appropriation revenue payable MoG transfer out	(7,085)		(7,085)	
Plus opening balance of deferred appropriation payable to Consolidated Fund	58,390	30,034	58,390	30,034
Less closing balance of deferred appropriation payable to Consolidated Fund	(130,377)	(58,390)	(130,377)	(58,390)
Appropriation revenue recognised in Statement of Comprehensive Income	333,133	304,503	333,133	304,503
Variance between original budgeted and actual appropriation revenue	144,746	67,269	144,746	67,269
Reconciliation of payments from Consolidated Fund to appropriated equity adjustments recognised in contributed equity				
Budgeted equity adjustment appropriation	7,596	(9,254)	7,596	(9,254)
Transfer (to)/from other departments - redistribution of public business	71	..	71	..
Transfer (to)/from other headings (variation in headings)	63,989	160,625	63,989	160,625
Unforeseen expenditure	70,874	..	70,874	..
Total equity adjustment receipts	142,530	151,371	142,530	151,371
Less opening balance of equity adjustment receivable	(2,153)	..	(2,153)	..
Plus closing balance of equity adjustment receivable	10,941	2,153	10,941	2,153
Plus opening balance of equity adjustment payable	20,950	4,355	20,950	4,355
Less closing balance of equity adjustment payable	(11,326)	(20,950)	(11,326)	(20,950)
Appropriated equity adjustment recognised in contributed equity	160,942	136,929	160,942	136,929

Accounting policy – Appropriation revenue

Appropriations provided under the *Appropriation Act 2021* are recognised as revenue when received under AASB 1058 *Income of Not-for-Profit entities.* In some circumstances when approval is granted a deferred appropriation payable is recognised with a corresponding reduction to appropriation revenue, reflecting the net appropriation revenue position in the Consolidated Fund for the reporting period.

4 User charges and fees

	Consolidated Entity 2022 $'000	Consolidated Entity 2021 $'000	Parent Entity 2022 $'000	Parent Entity 2021 $'000
FPS Fund contributions	66,161	42,849	66,161	42,849
Sale of services from contracts with customers	10,360	14,618	10,360	14,618
Assessment fees	2,541	1,774	2,541	1,774
Other fees	5	8	5	8
	79,067	59,249	79,067	59,249

Accounting policy – User charges and fees

User charges and fees are recognised in accordance with the appropriate revenue accounting standard.

Treasury recognises revenue from sale of services to customers under AASB 15 *Revenue from Contracts with Customers*. Revenue is recognised when Treasury transfers control over the goods or service to the customer. Revenue from Queensland Government Statistician's Office and Queensland Revenue Office contracts with customers are recognised when the service has been provided. The contracts have specific performance obligations and the timing of revenue recognition is when the specific performance obligation is satisfied which is at a point in time or over a period.

Revenue that is not within the scope of AASB 15 is recognised under AASB 1058 *Income of Not-for-Profit Entities* where revenue is recognised upfront or when the corresponding asset (cash or receivable) is recognised and received. Fund contributions and assessment fees from the FPS Fund scheme are collected under the *MERFP Act 2018* and are recognised when an assessment is issued, and the corresponding cash is received, or receivable is recognised.

Other fees include property rental income which is recognised as per contractual arrangement upfront when received and revenue is not deferred.

5 Interest revenue

	Consolidated Entity 2022 $'000	Consolidated Entity 2021 $'000	Parent Entity 2022 $'000	Parent Entity 2021 $'000
Interest – lease receivables*	6,526	6,015	1,614	1,037
Interest – loans and receivables**	2,131	2,445	..	..
Interest – QTC	653	777	..	..
Interest – Financial Provisioning	735	588	735	588
Interest – others	..	68	..	68
	10,045	9,893	2,349	1,693

*Relates to interest recognised on lease receivables from Dalrymple Bay Coal Terminal Holdings (DBCTH) Pty Ltd and finance lease receivable (refer note 15).
**Relates to interest recognised on the loan acquired from Brisbane Port Holdings Pty Ltd (BPH) following the long-term lease of the Port of Brisbane (refer note 15).

Accounting policy – Interest revenue

Interest revenue is recognised using the effective interest rate and recognised on a proportional basis taking into account interest rates applicable.

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000

6 Dividend revenue

Dividend – Aurizon shares	..	..	..	205,973
Dividend – QTH controlled entities	..	15,434	..	..
	..	15,434	..	205,973

In 2020–21, Treasury received an in-specie dividend of the remaining Aurizon shares (AZJ) from QTH as the Under Treasurer is the holder of “A” shares. These shares were transferred to QTC as part of the Debt Retirement Fund portfolio reported in note 41.

7 Gain on sale of assets and fair value movement of investments

Gain on fair value movement of investments*	4,262		4,262	..
Gain on sale of assets**	1,490		1,490	..
Gain on transferred assets***	..	1,145		1,145
	5,752	1,145	5,752	1,145

*Relates to net gain on fair value movement of investments (refer to note 16).
**Relates to the sale of land and building (refer to notes 17 and 18).
***Relates to the net position transferred from QPC in 2020–21 (refer to note 2 (e)).

8 Employee expenses

Wages and salaries*	109,980	108,115	109,980	108,115
Annual leave levy	14,019	12,981	14,019	12,981
Employer superannuation contributions - accumulation schemes	11,803	11,349	11,803	11,349
Employer superannuation contributions - defined benefit scheme	2,745	2,965	2,745	2,965
Long service leave levy	2,947	2,761	2,947	2,761
Leave on-cost reimbursements	(1,589)	(1,243)	(1,589)	(1,243)
Other employee related expenses	2,278	1,091	2,278	1,091
Termination payments	389	408	389	408
Workers' compensation premium	114	112	114	112
	142,686	138,539	142,686	138,539

* The number of employees as at 30 June 2022 (based on the fortnight ending 1 July 2022), including both full-time employees and part-time employees, measured on a full-time equivalent basis reflecting Minimum Obligatory Human Resource Information (MOHRI) methodology is:

Number of employees:	1,148	1,092	1,148	1,092

8 Employee expenses (continued)

Accounting policy – Employee expenses

Salaries and wages

Salaries and wages expenses due but unpaid at reporting date are recognised in the statement of financial position at the current salary rates. As Treasury expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Sick leave

History indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave and Long service leave

Under the Annual Leave Central Scheme (ALCS) and Long Service Leave Scheme (LSL), a levy is made on Treasury to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the scheme quarterly in arrears.

No provision for annual leave and long service leave is recognised in Treasury's financial statements, the liability being held on a whole of government basis and reported in those financial statements prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation plans) or the Queensland Government's defined benefit plan (the former QSuper defined benefit categories now administered by the Government Division of the Australian Retirement Trust) as determined by the employee's conditions of employment.

Under the defined contribution plans, contributions are made to eligible complying superannuation funds based on the rates specified in the relevant Enterprise Bargaining Agreement or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

For the defined benefit plan, the liability is held on a whole of government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The amount of contributions is based upon the rates determined on the advice of the State Actuary. Contributions are paid by Treasury at the specified rate following completion of the employee's service each pay period. Treasury's obligations are limited to those contributions paid.

Key management personnel and remuneration

The Minister is identified as part of the Treasury's key management personnel (KMP), consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. The Minister is the Treasurer and Minister for Trade and Investment – Cameron Dick.

The Treasurer's remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. Treasury does not bear any cost of remuneration of Ministers. The majority of ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and whole of government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

Remuneration policy for Treasury's other KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. Individual remuneration and other terms of employment (including motor vehicle entitlements and performance payments if applicable) are specified in employment contracts. No non-ministerial KMP remuneration packages provide for performance or bonus payments.

8 Employee expenses (continued)

Key management personnel and remuneration (continued)

Remuneration expenses for those KMP comprise the following components:

Short term employee expenses, including:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position
- performance payments recognised as an expense during the year
- non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.

Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

Transactions with people/entities related to KMP

There are no related party transactions with the Treasury consolidated entity that involve KMP, close family members and/or their personal business interests.

The following table for non-ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of Treasury during the respective reporting periods. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

In 2021–22 and 2020–21, changes in KMP positions occurred as a result of a changes in the organisational structure during the year.

The amounts disclosed below reflect expenses recognised in the Statement of Comprehensive Income:

8 Employee expenses – *(a) Key management personnel and remuneration* (continued)

1 July 2021 - 30 June 2022

Position	Responsibilities	Date appointed to position (End date of position)	Short term employee expenses Monetary expenses* $'000	Long term employee expenses $'000	Post-employment expenses $'000	Termination benefits $'000	Total $'000
Under Treasurer (Acting Under Treasurer)**	Responsible for executive leadership, strategic direction of the department and whole-of-government financial management	9-Sep-21 (29-Apr-21 to 8-Sep-21)	598	14	73	..	685
Deputy Under Treasurer (Acting Deputy Under Treasurer)**	Responsible for Economics and Fiscal	27-May-22 (29-Apr-21 to 26-May-22)	273	7	28	..	308
Deputy Under Treasurer (Acting Deputy Under Treasurer)**	Responsible for Social, Intergovernmental & Corporate	27-May-22 (5-Oct-21 to 26-May-22)	223	5	21	..	249
Head, Strategic Policy (Acting Deputy Under Treasurer)**	Responsible for Strategic Policy Responsible for Policy, Performance and Corporate***	1-Dec-21 (21-Jul-21 to 4-Oct-21)	194	5	21	..	220
Acting Deputy Under Treasurer	Responsible for Industry, Investment & Commercial	7-Feb-22	118	3	13	..	134
Commissioner of State Revenue and Registrar of SPER	Responsible for the Queensland Revenue Office	1-Jul-20	311	7	34	..	352
Deputy Under Treasurer	Responsible for Commercial and Investment***	29-Apr-21 to 30-Jan-22	143	4	17	..	164
Total Expenses			1,860	45	207	..	2,112

* Treasury does not have any non-monetary benefits to disclose in relation to its KMP.
** Represents the other position held by the KMP during the year.
*** The KMP responsibilities before organisational restructure effective 1 December 2021.

8 Employee expenses – *(a) Key management personnel and remuneration* (continued)

1 July 2020 – 30 June 2021

Position	Responsibilities	Date appointed to position (End date of position)	Short term employee expenses Monetary expenses* $'000	Long term employee expenses $'000	Post-employment expenses $'000	Termination benefits $'000	Total $'000
Acting Under Treasurer *(Deputy Under Treasurer)*	Responsible for executive leadership, strategic direction of the department and whole-of-government financial management *(Responsible for Economics, Fiscal and Commercial)*	29-Apr-21 *(25-May-20 to 28-Apr-21)*	459	9	48	..	516
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole-of-government financial management	11-May-20 to 28-Apr-21**	441	11	58	..	510
Deputy Under Treasurer *(Deputy Under Treasurer)*	Responsible for Policy, Performance and Corporate *(Responsible for Corporate and Strategic Initiatives)*	1-Jul-20 *** *(02-Jan-20 to 30-Jun-20)*	381	8	42	..	431
Commissioner of State Revenue and Registrar of SPER *(Commissioner of State Revenue)*	Responsible for the Office of State Revenue	1-Jul-20 *(2-Jan-20 to 30-Jun-20)*	301	7	33	..	341
Deputy Under Treasurer *(Deputy Under Treasurer)*	Responsible for Commercial and Investment *(Responsible for Investment Facilitation and Partnerships)*	29-Apr-21 *(1-Dec-20 to 28-Apr-21)*	152	3	16	..	171
Acting Deputy Under Treasurer	Responsible for Economics and Fiscal	29-Apr-21	44	1	5	..	50
State Planner	Responsible for Planning	1-Jun-20 to 30-Nov-20	115	3	12	..	130
Deputy Under Treasurer	Responsible for Infrastructure and Economic Resilience	1-Jun-20 to 30-Nov-20	103	2	12	..	117
Total Expenses			1,996	44	226	..	2,266

*Treasury does not have any non-monetary benefits to disclose in relation to its KMP.
**The Under Treasurer was on leave from 29 April 2021 to 7 May 2021 and the end date of the appointment to the Under Treasurer's position is 7 May 2021.
***Deputy Under Treasurer left to become Director-General of Department of Regional Development, Manufacturing and Water, effective 2 August 2021.
Note: The positions and responsibilities in italics represent the previous responsibilities of the KMP.

9 Supplies and services

	Consolidated Entity 2022 $'000	Consolidated Entity 2021 $'000	Parent Entity 2022 $'000	Parent Entity 2021 $'000
Contractors and employment agency charges	46,782	36,285	46,782	36,285
Computer charges	27,519	28,787	27,519	28,787
Property charges and fees	22,094	19,771	22,094	19,771
Professional legal fees, service fees and charges	8,697	15,510	8,697	15,510
Telecommunications, advertising and other materials and equipment	7,974	6,297	7,974	6,297
SPER call centre costs	5,749	6,320	5,749	6,320
Consultants	3,695	3,380	3,695	3,380
Other supplies and services	703	301	703	301
	123,213	116,651	123,213	116,651

Accounting policy – Supplies and services

Treasury recognises expenses when incurred, usually when goods are received, or services are consumed, which may not be when the goods or services are paid for.

Under AASB 16 *Leases*, lease arrangements with substantive substitution rights are exempt from lease accounting as they do not satisfy the definition of a lease. Accommodation and other property expenses incurred in relation to 1 William Street are recognised under "Property charges and fees" as these are considered exempt from lease accounting under AASB 16 due to the substantive substitution rights.

Lease arrangements that are of low value, short term and do not satisfy the definition of a lease under AASB 16 are recognised as expense when incurred and exempt from recognition on the statement of financial position.

10 Grants and subsidies

	Consolidated Entity 2022 $'000	Consolidated Entity 2021 $'000	Parent Entity 2022 $'000	Parent Entity 2021 $'000
Industry attraction	45,615	30,936	45,615	30,936
Local government and authorities	12,693	752	12,693	752
Statutory bodies	7,290	..	7,290	..
Queensland departments	583	37,172	583	37,172
	66,181	68,860	66,181	68,860

Accounting policy – Grants and subsidies

Grants and subsidies are recognised when the grant/subsidy has been paid or when the recipient incurs the right to receive the grant.

Grants - Industry Attraction represents grants paid through various grants program which includes the Advance Queensland Industry Attraction Fund and Jobs and Regional Growth Fund.

Grants expense to Queensland departments for 2020–21 includes the transfer of the Resource Community Infrastructure Fund to DSDILGP in February 2021. The total grants composed of the contributions received in the fund and interest revenue earned on the fund balance. The contributions from the Mineral Resources entities were recorded as grants revenue when received. The grant expense to Queensland departments also includes FPS grants which were recognised when payments were made to Department of Environment and Science or Department of Resources in 2020–21.

11 Losses on assets

	Consolidated Entity 2022 $'000	Consolidated Entity 2021 $'000	Parent Entity 2022 $'000	Parent Entity 2021 $'000
Losses on derecognition of intangibles*	13,893	..	13,893	..
Net loss on fair value movement of investments**	177	23,606	..	18,798
Losses on shares – revaluation***	..	64,263	..	..
Losses on shares transferred***	..	205,973	..	205,973
	14,070	293,842	13,893	224,771

*Refer to note 19 Intangibles.
**Fair value movement of other financial assets (refer to note 16).
***Relates to the market price movement on shares held in Aurizon Holdings Ltd by QTH in 2021 prior to their transfer as an in-specie dividend. This was recognised at the closing listed market price of $3.75 per share at the time of transfer. A loss was recognised in 2020–21 on the transfer of shares as per note 6.

12 Other expenses

	Consolidated Entity 2022 $'000	Consolidated Entity 2021 $'000	Parent Entity 2022 $'000	Parent Entity 2021 $'000
Bank charges	1,553	1,206	1,553	1,206
Internal audit fees	950	1,112	950	1,112
External audit fees*	774	816	730	773
Company secretariat and accounting services – QTC	367	338	..	..
Qld Government Insurance Fund – insurance premiums	44	35	44	35
Sponsorships and special payments	29	127	29	127
Sundry expenses	1,632	1,459	939	772
	5,349	5,093	4,245	4,025

* Total departmental audit fees quoted by the Queensland Audit Office relating to the 2021–22 financial statements for the parent entity is $485,000 (2021: $485,000), which excludes the whole of government financial statement audit costs. The whole of government audit fee for 2021–22 is $240,000 (2021: $283,500).

13 Income tax expense/(benefit)

	Consolidated Entity 2022 $'000	Consolidated Entity 2021 $'000	Parent Entity 2022 $'000	Parent Entity 2021 $'000
Current tax comprises:				
Current tax on profit for the year	659	2,201	..	..
Current tax on capital gain	..	19,773	..	..
	659	21,974	..	..
Deferred tax comprises:				
Increase in deferred tax asset	..	(20,564)	..	..
Decrease in deferred tax liability	(75)	(19,931)	..	..
	(75)	(40,495)	..	..
Income tax expense/(benefit)	584	(18,521)	..	..
Numerical reconciliation of income tax expense to prima facie tax payable:				
Profit/(Loss) before income tax expense	1,910	(50,981)	..	..
Less: (profit)/loss of non-taxable entities	(38)	47	..	..
Less: dividends received from AZJ (Franked)	..	(10,804)	..	..
Profit/(loss) before income tax expense/(benefit)	1,948	(61,738)	..	..
Tax at the Australian company tax rate of 30%	584	(18,521)	..	..
Income tax expense/(benefit)	584	(18,521)	..	..

13 Income tax expense/(benefit) (continued)

Accounting policy – Income tax expense

Current tax is the expected tax payable on the taxable income for QTH for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

	Consolidated Entity		Parent Entity	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
14 Cash and cash equivalents				
Cash at bank	189,320	116,266	189,318	116,150
Cash at bank – Surety	132,052	78,993	132,052	78,993
QTC Cash fund	101,237	114,649	..	..
Cash at bank – Fund	67,380	15,606	67,380	15,606
	489,989	325,514	388,750	210,749

Accounting policy – Cash and cash equivalents

Cash assets include all cash and deposits at call with financial institutions. Cash equivalents include investments with short periods to maturity that are readily convertible to cash on hand at Treasury's option and that are subject to a low risk of changes in value. Cash at bank – Surety relates to the surety received for the Financial Provisioning Scheme. Cash at bank – Fund relates to the contributions and fees received for the Financial Provisioning Scheme.

Bank accounts grouped within the whole of government set-off arrangement with QTC do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues in the Consolidated Fund.

15 Receivables

	Consolidated 2022	Consolidated 2021	Parent 2022	Parent 2021
Current				
Receivables of operating nature	3,408	3,621	3,408	3,621
Less: allowance for impairment	..	..	..	..
	3,408	3,621	3,408	3,621
Equity injection receivable	10,941	2,153	10,941	2,153
Loan receivable	7,743	7,258	..	..
Finance lease receivable	5,482	9,400	5,482	9,400
Annual leave reimbursements	2,365	2,269	2,365	2,269
GST input tax credits receivable	2,333	1,963	2,333	1,963
Lease receivable	1,635	1,559	..	..
Long service leave reimbursements	591	522	591	522
Sundry receivable	1,064	1,898	1,064	1,898
	32,154	27,022	22,776	18,205
Total current	35,562	30,643	26,184	21,826
Non-current				
Lease receivable	99,704	101,339	..	..
Finance lease receivable	44,058	46,673	44,058	46,673
Loan receivable	23,002	28,857	..	..
Total Non-current	166,764	176,869	44,058	46,673

15 Receivables (continued)

Accounting policy – Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Receivables of an operating nature are recognised at the amounts due at the time of service delivery i.e. the agreed purchase/contract price. Settlement is generally required within 30 days from invoice date.

Loans receivable is a non-derivative financial asset that is not quoted in an active market and are carried at amortised cost using the effective interest method. The Port of Brisbane loan receivable is discounted at 6.55% and includes the rights to fixed annual payments up to 31 December 2025.

Lease receivable represent payments due from the Dalrymple Bay Coal Terminal Holdings Pty Ltd as primary lessee under the plant lease, on-shore sub-lease, offshore sub-sub-lease and road sub-sub-lease. The terms of the plant lease and on-shore sub-lease are 50 years each (29 years remaining), with options to renew for a further 49 years, while the off-shore sub-sub-lease and road sub-sub-lease terms are 99 years each. There are no guaranteed residuals for any of the leases. This does not qualify as a lease arrangement within the scope of AASB 16 *Leases.*

Accounting policy – Impairment of receivables

The allowance for impairment loss reflects expected credit losses and incorporates reasonable and supportable forward-looking information, including the impact of expected economic changes to Treasury's debtors, alongside with relevant industry data where applicable. The most readily identifiable loss event is where a debtor is overdue in paying a debt to Treasury and its controlled entities, according to the due date (normally terms of 30 days).

There is no allowance for impairment loss recognised for Treasury's receivables from Queensland Government agencies or Australian Government agencies based on materiality. Credit risk for these receivables are considered low.

If there is no expected credit loss event in respect of a debtor or group of debtors, no allowance for impairment loss is made with respect of that debt/group of debtors. If Treasury and its controlled entities determine that an amount owing by such a debtor does become uncollectable (after an appropriate range of debt recovery actions), that amount is recognised as a bad debt expense and written off directly against receivables.

Credit risk exposure of receivables

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any provisions for impairments. No collateral is held as security and no credit enhancements relate to the financial assets held by Treasury.

Credit risk exposure refers to the situation where Treasury and its controlled entities may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation. Credit risk is managed pursuant to internal policies. These focus on the prompt collection of revenues due and payable to Treasury and follow-up of outstanding fees and charges within specified timeframes. Any write offs require high level approval.

Treasury measures the lifetime expected credit loss on receivables using a provision matrix based on the aging of debts. Receivables of an operating nature are assessed for probability of default or non-collection. Other factors such as payment arrangements and forward-looking information such as economic factors affecting the payment capacity and ability of debtors are also considered. Majority of Treasury's receivables of an operating nature are from Queensland Government agencies which are considered low risk.

Finance lease

Treasury has recognised a finance lease receivable under AASB 16 as all the risks and rewards of ownership of the property have passed on to the lessee. Treasury does not retain the rights associated with the underlying assets. The finance lease is under a 10-year lease agreement with a private entity, where lease repayments will be made to Treasury over the term of the lease. Finance lease receivables are recognised at amounts representing the net investment in the lease. The implicit interest is recognised over the term of the lease as interest income.

15 Receivables (continued)

The following table sets out the maturity analysis of future undiscounted lease payments receivable under the finance lease.

	2022 $'000	2021 $'000
Less than 1 year	5,482	9,400
1 to 2 years	9,400	9,400
2 to 3 years	9,400	9,400
3 to 4 years	9,400	9,400
4 to 5 years	9,400	9,400
More than 5 years	27,822	37,221
Total	70,904	84,221

	Consolidated Entity		Parent Entity	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
16 Other financial assets				
Current				
Financial Provisioning Fund investments	60,891	46,132	60,891	46,132
	60,891	46,132	60,891	46,132
Non-current				
Backing Queensland Business Investment Fund	39,460	147,522	39,460	147,522
Business Development Fund	59,601	65,537	59,601	65,537
Licence fee receivable*	51,955	52,132	..	..
Investment in Repluca	4,000	4,000	4,000	4,000
	155,016	269,190	103,061	217,058

* The fair value is estimated based on projected trade volume and price growth taking into account the current economic conditions and is discounted at a rate of 10.90% (2021: 8.41%). The discount rate is applied against expected cash flow under a revenue sharing arrangement based on a pre-tax discount rate.

Accounting policy – Other financial assets

Treasury carries equity investments and other financial assets at fair value through profit and loss (FVTPL) under AASB 9 *Financial Instruments*.

Financial Provisioning Fund (FP Fund) Investments

Treasury's FP Fund invests in QIC Limited Cash Enhanced Fund in accordance with the requirements of *MERFP Act 2018.* The Fund invests in a short-term, liquid portfolio of low risk discount securities, term deposits and short-term floating rate notes. The equity investment is measured at FVTPL based on the net asset value of the fund as provided by QIC Limited as at reporting date. The fair value hierarchy for the FP Fund is a level 2 input as it is based on substantially derived inputs that are observable either directly or indirectly.

Backing Queensland Business Investment Fund (BQBIF)

Treasury has established the BQBIF as part of the economic recovery initiative for COVID-19. The funding source for this investment is held in the Consolidated Fund and drawn by Treasury when suitable investments are approved. The BQBIF is composed of two sub-funds: Business Investment Fund (BIF) and Strategic Asset Investment Fund (SAIF). The BIF will invest in equity instruments while the SAIF will invest in either debt or equity instruments. The fund is managed by QIC Limited. The BQBIF is measured at FVTPL based on the net asset value of the fund as provided by QIC Limited as at reporting date.

16 Other financial assets (continued)

The fair value hierarchy for the BQBIF is a level 2 input as it is based on substantially derived inputs that are observable either directly or indirectly.

As at 30 June 2022, the fair value of investments in the BQBIF of $39.460 million is invested in the BIF (2021: $147.5 million consisting of $39.9 million in the BIF and $107.6 million in the SAIF). In April 2022, the investment in the Dalrymple Bay Coal Terminal (part of SAIF) of $118.501 million was transferred to the Government Holdings Portfolio in the Consolidated Fund.

Business Development Fund (BDF)

The BDF invests in emerging and innovative Queensland businesses. The Fund is managed by QIC Limited. The fair value hierarchy for the BDF is a level 2 input as it is based on substantially derived inputs that are observable either directly or indirectly. Investment in the BDF provides the co-investor with a call option (from the 2nd to 5th year of investment) and the BDF with a put option under limited circumstances (over the life of investment). The BDF treats the call and put option as embedded derivatives of the equity investment as they are closely related to the investment, and accounts for the entire investment as a single financial instrument. The fair value is determined depending on the holding period of the investment in the fund as follows:

(a) Investments held for less than 2 years – initial cost of investment

(b) Investments held between 2–5 years – cost plus interest (with interest calculated as QTC's 10-year bond rate plus 2%) as the call option provides a cap for any increase in fair value

(c) Investment held for more than 5 years – based on latest equity raised.

Over the life of the investment, decrease in fair value will be assessed for each investment by identifying any indicators of fair value drop based on information provided by the investees' management teams and may include valuations attributed to the investee as a result of subsequent funding rounds, audited or unaudited financial statements, cash flow projections and other management reports.

The are no additional investments by QIC Limited to Queensland businesses under the BDF.

The fair value assessment of the BDF as at 30 June 2022 includes consideration of the impact of COVID-19 to the investee companies which amounts to $5.935 million decrease in fair value.

Investment in Repluca (formerly CARP Pharmaceuticals)

Treasury invested $4 million in the QIC Limited Cash Fund established for the purpose of investing in shares of Repluca (formerly CARP Pharmaceuticals) as Queensland Government's support for the research and development of drugs for the treatment of various cancers. The funding source for this investment is an equity injection from the Consolidated Fund. As at 30 June 2022, the cash fund has invested $2.5 million in Repluca.

QIC Limited manages the investment of the fund. The fund invests in Repluca based on the schedule of tranches payment as per the Shareholders Subscription Agreement. Remaining payment of tranches has not been made in 2021–22.

The investment is measured at FVTPL. The cost of the investment approximates the fair value of the investment. Further assessment of fair value will include consideration for additional funding or capital raised. Over the life of the investment, fair value decreases will also be assessed based on potential impairment of the investment. The fair value hierarchy is considered a level 2 input as it is based on substantially derived inputs that are observable either directly or indirectly.

License fee receivable

QTH carries license fee receivable as a financial asset at FVTPL. The fair value of the license fee receivable is based on the revenue sharing arrangement whereby Brisbane Port Holdings Pty Ltd (BPH), a controlled entity of QTH was to receive a percentage of revenue above a hurdle amount from the Port Manager, Port of Brisbane Pty Ltd (PBPL), for a period of 35 years. In 2011, QTH made an upfront payment of $121 million to BPH for the rights to these cash flows using funds provided from QTC. The upfront payment was based on assumed volume growth for the Port of Brisbane using macroeconomic forecasts combined with analysis of local market and supply chain constraints. The license fee which is payable up to 2050 has been valued using the present discounted value of the future expected cash flows. These cash flows are discounted at a rate which considers the risks and uncertainties which exposes QTH to volatility over future revenues and therefore the valuation of the investment. At each balance date the receivable is reviewed incorporating current projections of trade volumes and price growth. This method is used to estimate the fair value as there is no active market for a receivable of this type.

17 Land held for sale

	Consolidated Entity 2022 $'000	Consolidated Entity 2021 $'000	Parent Entity 2022 $'000	Parent Entity 2021 $'000
Land	..	22,000	..	22,000

Accounting policy – Land held for sale

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, land held for sale are assets that are determined as available for immediate sale, of which the sale is highly probable. The assets held for sale are measured at the lower of the asset's carrying amount and fair value less costs to sell. The assets are not depreciated.

The land is classified as held for sale as the cost will be principally recovered through sale and the land is not used for Treasury's operating requirements. It is expected to be sold within the next 2 years. The fair value of the asset is based on the agreed option sale price of the property.

Land held for sale as at 30 June 2021 relates to land transferred to Treasury as part of the machinery-of-government changes as at 1 December 2020. This has been subsequently transferred to DSDILGP as per machinery-of-government changes effective 1 March 2022 ((Note 2(d)).

Disposal and transfer of assets

Three assets (land and building) that were reclassified to held for sale in November 2021 were sold in February 2022 with a total sales price of $4.223 million and book value of $2.733 million resulting to the recognition of a gain on sale of assets of $1.490 million.

The remaining land and buildings (including land and buildings held for sale) amounting to $26.464 million were transferred to DSDILGP as part of the MoG effective 1 March 2022 (refer to note 2 (d)).

18 Property, plant & equipment

	Consolidated Entity 2022 $'000	Consolidated Entity 2021 $'000	Parent Entity 2022 $'000	Parent Entity 2021 $'000
Land – at fair value	77,000	5,515	77,000	5,515
Buildings – at fair value	88,000	6,317	88,000	6,317
Less: accumulated depreciation	(4,889)	(219)	(4,889)	(219)
Net carrying amount	83,111	6,098	83,111	6,098
Other equipment – at cost	214	213	214	213
Less: accumulated depreciation	(159)	(120)	(159)	(120)
Net carrying amount	55	93	55	93
Total Property, plant & equipment	160,166	11,706	160,166	11,706

18 Property, plant & equipment (continued)

Accounting policy – Property, plant & equipment

Recognition

Items of property, plant and equipment with a historical cost equal to or exceeding the following thresholds in the year of acquisition are recognised as property, plant and equipment in the following classes:

- Land	$1
- Buildings	$10,000
- Plant and Equipment	$5,000

Items with a lesser value are expensed in the year of acquisition. Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for Treasury. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Historical cost is used for the initial recording of all property, plant and equipment acquisitions. Historical cost is determined as the value given as consideration and costs incidental to the acquisition, plus all other costs incurred in getting the assets ready for use.

Measurement

Land and buildings are measured at fair value as required by Queensland Treasury's Non-Current Asset Policies (NCAP) for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation. The cost of items acquired during the financial year are considered to materially represent their fair value at the end of the reporting period.

Other equipment is measured at historical cost in accordance with Queensland Treasury's Non-Current Asset Policies (NCAP) for the Queensland Public Sector. The carrying amounts are not materially different from their fair value.

Revaluation at fair value

Land and Buildings measured at fair value are assessed on an annual basis either by appraisals undertaken by an independent professional valuer or by use of appropriate and relevant indices.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up to date via the application of relevant indices. Treasury ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. An independent professional valuer supplies the indices used for the various types of assets. Such indices are either publicly available or are derived from market information available to the valuer.

The valuer provides assurance of their robustness, validity and appropriateness for application to the relevant assets. Indices used are also tested for reasonableness by performing a benchmarking exercise with publicly available relevant indices. Through this process, which is undertaken annually, management assesses and confirms the relevance and suitability of indices provided by the valuer based on the Treasury's own particular circumstances.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that class.

For assets revalued using a market or income-based valuation approach, accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'.

For asset revalued using the cost valuation approach (e.g. current replacement cost), accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis to allocate the net cost or revalued amount of each asset, less any estimated residual value, progressively over its estimated useful life to the department. Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to Treasury.

Land is not depreciated as it has an unlimited useful life.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the department.

For Treasury's depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.

18 Property, plant and equipment (continued)

Property, plant and equipment	Depreciation rate
Building	2.56% – 33.33%
Other equipment	20.00% – 25.00%

Impairment

All property, plant and equipment are assessed for indicators of impairment on an annual basis, or where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed. Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB 13 *Fair Value Measurement*. If an indicator of possible impairment exists, Treasury determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use.

For assets measured at fair value, the impairment loss is treated as a revaluation decrease and offset against the revaluation surplus of the relevant asset class to the extent available. Where no revaluation surplus is available for the asset class, an impairment loss is recognised in the Statement of Comprehensive Income. When the asset's carrying amount exceeds the recoverable amount, an impairment loss is recognised.

Divestment of assets

Land and building assets were transferred to held for sale assets (refer to note 17) under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* in November 2021. Prior to reclassification, the land and building had a net book value of $4.802 million and were revalued to $7.197 million resulting to a revaluation surplus of $2.395 million in 2021–22. The revaluation surplus was transferred to accumulated surplus when the assets were disposed. The land and buildings were revalued by an independent valuer.

Acquisition of land and buildings

Treasury has acquired land and buildings amounting to $165 million on 16 May 2022 currently used as a glass manufacturing and recycling facility. The site is intended to be used for the International Broadcast Centre for Brisbane 2032 Olympic and Paralympic Games. The buildings have an estimated useful life of 3 years based on the use of the buildings to support existing business operations on the site until 2025 when the buildings are expected to be demolished to construct the broadcast centre.

Reconciliation	Land		Buildings		Other equipment		Assets Held for Sale**		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Carrying amount at 1 July	5,515	..	6,098	..	94	105	22,000	..	33,707	105
Acquisitions	77,000	..	88,000	..	..	32	..	..	165,000	32
MoG transfer in	..	5,113	..	5,571	..	..	..	22,000	..	32,684
MoG transfer out**	(1,850)	..	(4,851)	..	..	..	(26,464)	..	(33,165)	..
Disposals	..	..	..	..	..	(8)	(2,733)	..	(2,733)	(8)
Transfers between asset classes	(5,337)	..	(1,860)	..	..	..	7,197	..	..	..
Revaluation increment	1,672	402	723	676	..	..	..	..	2,395	1,078
Depreciation *	..	..	(4,999)	(149)	(39)	(35)	..	..	(5,038)	(184)
Carrying amount at 30 June	77,000	5,515	83,111	6,098	55	94	..	22,000	160,166	33,707

*Depreciation of Property, plant & equipment is included in the line item 'Depreciation and amortisation' in the Statement of Comprehensive Income.
**Assets held for sale (as per note 17) information is included to show movement between asset classes during the year. Total disposals for assets held for sale of $2.733 million composed of land ($1.888 million) and buildings of ($0.845 million). Total assets held for sale that were transferred out as part of MoG amounting to $26.464 million composed of land ($25.449 million) and buildings ($1.015 million).

18 Property, plant and equipment (continued)

Categorisation of assets measured at fair value

	2022		
Assets	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Land	..	77,000	..
Building	..	88,000	..
Total	..	165,000	..
	2021		
Assets	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Land	..	5,515	..
Building	..	1,163	4,936
Total	..	6,678	4,936

Refer to note 27(g) for fair value hierarchy.

	Consolidated Entity		Parent Entity	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
19 Intangibles				
Gross	20,904	42,544	20,904	42,544
Less: accumulated amortisation	(19,227)	(25,227)	(19,227)	(25,227)
Carrying amount	1,677	17,317	1,677	17,317

Accounting policy – Intangibles

All intangible assets of Treasury comprise internally developed, purchased software and software licences. Intangible assets with a historical cost greater than $100,000 are recognised as an asset, have finite useful lives and are amortised on a straight-line basis. The residual value of Treasury's intangible assets is zero.

Training costs and research activities relating to internally generated assets are recognised as an expense when incurred.

As there is no active market for the department's intangible assets, they are recognised and carried at historical cost less accumulated amortisation and impairment losses. Intangible assets are annually assessed for indicators of impairment, principally reviewing the actual and expected continuing use of the asset. If a potential indicator of impairment exists, Treasury determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use. When the asset's carrying amount exceeds the recoverable amount an impairment loss is recognised.

For each class of intangible asset, the following amortisation rates were used:

Intangibles	Amortisation rates
– Internally generated software	10% – 25%
– Purchased software/licences	6.67% – 25%

19 Intangibles (continued)

Reconciliation	Internally generated software		Purchased software/licences		Internally generated software works in progress		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Carrying amount at 1 July	17,203	22,456	114	194	..	736	17,317	23,386
Acquisitions	..	791	..	..	..	..	..	791
MoG transfer in	..	..	..	..	..	..	..	..
MoG transfer out	..	(2,527)	..	..	..	..	..	(2,527)
Disposals	..	..	..	..	..	..	..	..
Losses on derecognition	(13,893)	..	..	..	..	..	(13,893)	..
Transfers between asset classes	..	736	..	..	..	(736)	..	..
Amortisation *	(1,729)	(4,253)	(18)	(80)	..	..	(1,747)	(4,333)
Carrying amount at 30 June	1,581	17,203	96	114	..	..	1,677	17,317

* Amortisation of intangibles is included in the line item 'Depreciation and amortisation' in the Statement of Comprehensive Income.
Treasury has intangibles which are fully amortised and still in use that had an original cost of $9.652 million (2021: $9.652 million).

Derecognition of intangibles

A total of $13.893 million of intangible assets were derecognised as at December 2021 due to a change in the licensing arrangements in accordance with AASB 138 *Intangibles*. The derecognition is reported as a loss on derecognition of assets (refer to note 11).

	Consolidated Entity		Parent Entity	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
20 Deferred tax asset				
Attributable to temporary differences:				
Investments in subsidiaries – DBCTH	(178)	(178)	..	..
Long-term receivable – licence fee*	20,789	20,735	..	..
Accrued audit fees	13	7	..	..
Subsidiary tax loss carry forward	35	20	..	..
	20,659	20,584	..	..

Accounting policy – Deferred tax asset and liability

*QTH has recognised a deferred tax asset in relation to the difference between the purchase price of a long-term receivable and its carrying amount. This receivable was originally recognised by QTH in 2011 at $121.2 million and is currently recognised at its fair value of $51.9 million due to the timing of the related cash flows which have been forecast to 2050. The long-term receivable has been discounted at 10.9% (2021: 8.41%) based on a pre-tax discount rate. The associated deferred tax asset has not been discounted based on the requirement of AASB 112 *Income Taxes*.

Deferred tax liabilities are recognised by QTH for all taxable temporary differences between the carrying amount of assets and the corresponding tax base which is netted off against deferred tax asset.

21 Payables

	Consolidated Entity 2022 $'000	Consolidated Entity 2021 $'000	Parent Entity 2022 $'000	Parent Entity 2021 $'000
Current				
Cash surety payable	132,052	78,993	132,052	78,993
Deferred appropriation payable to Consolidated Fund	130,377	58,390	130,377	58,390
Payables of operating nature	17,250	12,426	17,250	12,426
Equity withdrawal payable	11,326	20,950	11,326	20,950
Interdepartmental payable	2,554	85	2,554	85
Grant payable	1,112	3,860	1,112	3,860
Tax payable*	232	20,235	156	259
Sundry payables	810	1,046	51	276
	295,713	195,985	294,878	175,239
Non-current				
Payables of operating nature	625	988	..	..
	625	988	..	..

*Tax payable includes GST payable, FBT payable and capital gains tax from QTH.

Accounting policy – Payables

Current payables are recognised upon receipt of goods and services at the agreed purchase price. Amounts owing are paid within 20 calendar days for eligible invoices for small businesses as per the Queensland Government On-Time Payment Policy.

Deferred appropriation for services payable is recognised to reflect unused appropriation funding by Treasury to be returned to the Consolidated Fund. Refer to note 3 for recognition of deferred appropriation for departmental services payable.

Cash surety for the Financial Provisioning Scheme is recognised as a liability when the cash is received. The surety is payable on demand to the environmental authority holder as the surety provided can be replaced with another form of surety approved by the scheme manager.

22 Interest bearing liabilities

	Consolidated Entity 2022 $'000	Consolidated Entity 2021 $'000	Parent Entity 2022 $'000	Parent Entity 2021 $'000
Current loans with QTC				
Long-term lease loan*	1,635	1,559	..	..
	1,635	1,559	..	..
Non-current loans with QTC				
Long-term lease loan*	99,704	101,339	..	..
	99,704	101,339	..	..

*The Dalrymple Bay Coal Terminal Holdings Pty Ltd (DBCTH) long-term lease loan from QTC, a related party, is for a period of 50 years (29 years remaining), unless terminated earlier. Interest on the loan is fixed at 4.8% per annum, calculated on the daily balance and payable in arrears on each date rent is payable. A first ranking registered fixed and floating charge has been granted by DBCTH in favour of QTC over all the assets and undertakings of DBCTH.

22 Interest bearing liabilities (continued)

Accounting policy – Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value, net of transaction costs incurred with subsequent measurement at amortised cost using the effective interest rate method. Interest and fees payable are recognised in the period in which they are incurred.

23 Commitments

Operating expenditure commitments

Material operating expenditure commitments, inclusive of GST, contracted for but not recognised in the financial statements are payable as follows:

	Consolidated Entity		Parent Entity	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Not later than one year	108,963	131,756	108,525	131,314
Later than one year and not later than five years	149,798	101,977	148,045	100,211
Later than five years	105,253	123,135	92,515	109,862
Total commitments	364,014	356,868	349,085	341,387

There are no capital expenditure commitments as at 30 June 2022.

Treasury also has outstanding commitment of $14.348 million for 2022–23 ($19.781 million for 2021–22) relating to a finance lease agreement.

24 Contingencies

Financial Provisioning Scheme

Treasury holds non-cash surety in the form of bank guarantees and insurance bonds. Non-cash surety held by the scheme manager at 30 June 2022 is:

- Bank guarantees $4,481.975 million (2021: $5,289.628 million)
- Insurance bonds $1,584.338 million (2021: $1,382.238 million)

As at 30 June 2022, notices to provide surety have been issued to environmental authority holders for an aggregate value of $254.787 million (2021: $276.229 million). Subsequent to year end, the scheme manager is not aware of any claims that can be made against surety.

Guarantees

Guarantees held include bank guarantees in relation to the Advance Queensland Industry Attraction Fund and Jobs and Regional Growth Fund for financial security against non-conformance of grant agreements. The total value of bank guarantees as at 30 June 2022 is $27.170 million.

Other bank guarantees and bonds amounting to $61.683 million were also held as at 30 June 2022.

Deed of Guarantee

On 31 July 2020, the Treasurer guaranteed the financial obligations of borrowers under the Industry Support Package loan facilities for the benefit of QTC up to maximum amount of $200 million under a Deed of Guarantee.

Environmental obligations

QTH has exposure to claims made against it through its subsidiaries and associated companies in relation to any pre-existing contamination of land assets. At balance date, there have been no claims made against QTH.

24 Contingencies (continued)

Land Tax

Under the Port of Brisbane Share Sale and Purchase Agreement, the State has agreed to pay to the port lessee any portion of the port lessee's land tax liability in years the land tax assessment for the leased area exceeds the estimated land tax assessment. The obligations are subject to certain conditions, including the lessee pursuing any objection available to it in relation to an assessment, and are limited to assessment years up to and including 30 June 2025. At balance date, there have been no payments made to the Port lessee.

25 Controlled entities

QTH is controlled by Treasury and its revenues, expenses, assets, liabilities and equity have been included within these financial statements. The Under Treasurer, as Trustee for the Treasurer of Queensland, holds a 60% beneficial interest in QTH, which comprises ownership of "A" class capital. The remaining 40% interest is held by the QTC for and on behalf of the Under Treasurer as the corporation sole of QTC. QTH acts as a corporate vehicle through which the Queensland Government invests in assets of strategic importance to the State. QTH is audited by the Auditor-General of Queensland.

QTH summarised financial statements	2022 $'000	2021 $'000
Income statement		
Net income/(loss)	8,103	24,136
Expenses	(6,193)	(75,117)
Income tax expense/(benefit)	584	(18,521)
Operating result for the year (after income tax)	**1,326**	**(32,460)**
Balance sheet		
Total assets	306,146	326,654
Total liabilities	(102,799)	(124,633)
Net assets	**203,347**	**202,021**

Name of controlled entity	**Net Assets 2022 $'000**	**Net Assets 2021 $'000**
QTH holds 100% ownership interest in the following material subsidiaries:		
Controlled entities of QTH		
City North Infrastructure Pty Ltd*	..	..
Queensland Lottery Corporation Pty Ltd (QLC)	2,669	2,703
Queensland Airport Holdings (Cairns) Pty Ltd***	..	..
Queensland Airport Holdings (Mackay) Pty Ltd***	..	..
Network Infrastructure Company Pty Ltd**	..	..
Brisbane Port Holdings Pty Ltd (BPH)	19,476	19,446
DBCT Holdings Pty Ltd	7,230	7,298

*City North Infrastructure Pty Ltd, a dormant subsidiary of QTH has been deregistered on 10 February 2022.
**Network Infrastructure Company Pty Ltd was registered on 15 June 2010 and has not traded.
***Act as lessors for the Mackay and Cairns airport assets under 99-year finance lease arrangements. As such all airport assets were derecognised and upfront funds received were repatriated to the State Consolidated Fund in 2009.

26 Events occurring after balance date

On 12 August 2022, Treasury has made an additional investment of $20 million in the BIF as part of the BQBIF held in QIC Limited.

There are no other matters or circumstances which have arisen since the end of the financial year that have significantly affected Treasury.

27 Financial instruments

(a) Accounting policy

Recognition

Financial assets and financial liabilities are recognised in the Statements of Financial Position when Treasury becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

1. Financial assets - held at amortised cost
    - Receivables (notes 15 and 40)
    - Loans and advances (note 40)

2. Financial assets - held at fair value through profit and loss (notes 16 and 41)
    - Licence fee receivable
    - Other financial assets
        - Investment in BQBIF
        - Investment in BDF
        - Investment in Repluca
        - Investment in the FP Fund
        - Investment in the Queensland Future Fund

3. Financial liabilities - held at amortised cost
    - Payables (notes 21 and 42)
    - Interest bearing liabilities – Commonwealth borrowings, QTC borrowings and advances payable to Government-Owned Corporation (GOCs,) QTH long-term lease loan (notes 22 and 43)

Disclosures on the administered financial instruments are included in note 45.

(b) Categorisation of financial instruments

		Consolidated	
Category	Note	2022 $'000	2021 $'000
Financial assets			
Cash and cash equivalents	14	489,989	325,514
Receivables	15	202,326	207,512
Other financial assets	16		
Investment in FP Fund		60,891	46,132
Investment in BQBIF		39,460	147,522
Investment in BDF		59,601	65,537
Investment in Repluca		4,000	4,000
Licence fee receivable		51,955	52,132
Total		908,222	848,349
Financial liabilities			
Payables	21	295,346	195,625
Interest bearing liabilities	22	101,339	102,898
Total		396,685	298,523

27 Financial instruments (continued)

(c) Financial risk management

The consolidated entity's activities expose it to a variety of financial risks – interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to government and Treasury policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of Treasury.

Treasury and its controlled entities manage exposure to these financial risks through advice and consultation with QTC primarily in relation to borrowing activities and advice from QIC Limited on the investments. Risk management parameters are reviewed regularly to reflect changes in market conditions and changes to Treasury and its controlled entities' activities.

(d) Liquidity risk

Liquidity risk refers to the situation where Treasury may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Treasury and its controlled entity manage liquidity risk by ensuring that it has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts to match the expected duration of the various employee and supplier liabilities.

QTH is exposed to liquidity risk through its borrowings with QTC, however this is mitigated by back to back arrangements on debt obligations.

The following table sets out the liquidity risk in relation to financial liabilities held by the consolidated entity. It represents the remaining contractual cash flows (principal and interest) of financial liabilities at the end of the reporting period.

Consolidated	Note	2022 payable in			Total undiscounted cash flow	Carrying amount
		< 1 year	1 - 5 years	> 5 years		
		$'000	$'000	$'000	$'000	$'000
Financial liabilities						
Payables	21	295,346	..	..	295,346	295,346
Interest bearing liabilities	22	6,471	25,882	156,639	188,992	101,339
Total		301,817	25,882	156,639	484,338	396,685

Consolidated	Note	2021 payable in			Total undiscounted cash flow	Carrying amount
		< 1 year	1 - 5 years	> 5 years		
		$'000	$'000	$'000	$'000	$'000
Financial liabilities						
Payables	21	195,625	..	..	195,625	195,625
Interest bearing liabilities	22	6,471	25,882	163,110	195,463	102,898
Total		202,096	25,882	163,110	391,088	298,523

27 Financial instruments (continued)

(d) Credit risk

QTH is exposed to credit risk primarily through its investments in the QTC cash fund. The QTC cash fund is an asset management portfolio that invests with a wide variety of high credit rated counterparties. Deposits with the QTC cash fund are capital guaranteed (note 14).

QTH is also exposed to credit risk in relation to the receivable arrangements entered into with Brisbane Port Holdings Pty Ltd (BPH). BPH has assigned its rights to QTH to receive money payable to it by the Port Manager, Port of Brisbane Pty Ltd (note 15).

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange, interest rates and equity prices will affect Treasury and its controlled entities income or value of its holdings of financial instruments. The objective is to manage and control market risk exposure within acceptable parameters, while optimising return within desired frameworks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

QTH is exposed to interest rate risk through the QTC cash fund which is capital guaranteed. Treasury is exposed to interest rate risk through the cash accounts, FP fund investment in the QIC Limited cash-enhanced fund, finance lease receivable and investments still held in the QIC Limited fund for BQBIF and Repluca, and BDF for investments held between 2–5 years. All other financial assets and financial liabilities have fixed interest rates in nature.

Equities risk

Treasury is exposed to equities risk from the movements in the share prices of the entities through its investments in BQBIF, Repluca, BDF and FP Fund.

Sensitivity analysis

Interest rates

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date. The following interest rate sensitivity analysis depicts the outcome on comprehensive income and equity if interest rates were to change by +/- 1.00% for 2022 (2021: +/- 0.25%) to reflect current expectations of future interest movement in the next 12 months from year-end rates applicable to Treasury's financial assets and liabilities.

		2022 Interest rate risk*			
Consolidated Financial instruments	**Carrying amount**	**-1.00%**		**1.00%**	
		Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash	300,671	(3,007)	(3,007)	3,007	3,007
Investment in BQBIF	10,532	(105)	(105)	105	105
Investment in BDF**	30,948	(309)	(309)	309	309
Investment in FP Fund	60,891	(609)	(609)	609	609
Investment in Repluca	1,500	(15)	(15)	15	15
Finance lease receivables	49,541	(495)	(495)	495	495
Potential impact		(4,541)	(4,541)	4,541	4,541

*excludes fixed rate or non-interest bearing assets
**only includes investment held between 2-5 years

27 Financial instruments (continued)

(f) Market risk (continued)

Consolidated Financial instruments	**Carrying amount**	**2021 Interest rate risk***			
		-0.25%		**0.25%**	
		Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash	209,364	(523)	(523)	523	523
Investment in BQBIF	38,545	(96)	(96)	96	96
Investment in BDF**	41,142	(103)	(103)	103	103
Investment in FP Fund	46,132	(115)	(115)	115	115
Investment in Repluca	1,500	(4)	(4)	4	4
Finance lease receivables	56,073	(140)	(140)	140	140
Potential impact		(982)	(982)	982	982

*excludes fixed rate or non-interest bearing assets
**only includes investment held between 2-5 years

Equities

Sensitivity analysis for equity instruments is based on a reasonably possible change in equity prices which is estimated at +/- 10% (2021: +/- 10%).

Financial instruments	**Carrying amount**	**2022 Equities**			
		-10%		**10%**	
		Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Investment in BQBIF	28,928	(2,893)	(2,893)	2,893	2,893
Investment in FP Fund	60,891	(6,089)	(6,089)	6,089	6,089
Investment in Repluca	2,500	(250)	(250)	250	250
Investment in BDF	561	(56)	(56)	56	56
Potential impact		(9,288)	(9,288)	9,288	9,288

Financial instruments	**Carrying amount**	**2021 Equities**			
		-10%		**10%**	
		Profit	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Investment in BQBIF	108,977	(10,898)	(10,898)	10,898	10,898
Investment in FP Fund	46,132	(4,613)	(4,613)	4,613	4,613
Investment in Repluca	2,500	(250)	(250)	250	250
Potential impact		(15,761)	(15,761)	15,761	15,761

27 Financial instruments (continued)

(g) Fair value

Fair value hierarchy

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 13 *Fair Value Measurement*. The fair value hierarchy is categorised into three levels based on the observability of the inputs to fair valuation techniques:

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

Classification of instruments into fair value hierarchy levels is reviewed annually, and any transfers are deemed to occur at the end of the reporting period. There were no transfers between Level 1 and Level 2 and no transfers in or out of Level 3 during the year ended 30 June 2022.

Class		Classification according to fair value hierarchy			2022 Carrying amount
		Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets					
Cash and cash equivalents		388,752	101,237	..	489,989
License fee receivable		..	..	51,955	51,955
Investment in BQBIF		..	39,460	..	39,460
Investment in BDF		..	59,601	..	59,601
Investment in Repluca		..	4,000	..	4,000
Investment in FP Fund		..	60,891	..	60,891
Total		388,752	265,189	51,955	705,896

Class		Classification according to fair value hierarchy			2021 Carrying amount
		Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets					
Cash and cash equivalents		210,865	114,649	..	325,514
License fee receivable		..	..	52,132	52,132
Investment in BQBIF		..	147,522	..	147,522
Investment in BDF		..	65,537	..	65,537
Investment in Repluca		..	4,000	..	4,000
Investment in FP Fund		..	46,132	..	46,132
Total		210,865	377,840	52,132	640,837

27 Financial instruments (continued)

(g) Fair value (continued)

The inputs used in the classification of Level 2 instruments at fair value are as follows:

- QTC cash fund is measured at net realisable value
- Investment in BDF is measured based on the net asset value which incorporates cost of the investment adjusted for the interest and latest equity raised (for investments more than 5 years). Fair value decreases incorporate assessment of cash flow projections and going concern for investees
- Investment in FP Fund is measured based on the fair value of the short-term investments held in the fund such as low risk discount securities, term deposits, short-term floating rate notes
- Investment in BQBIF is measured based on the net asset value of the fund
- Investment in Repluca is measured based on the net investment in the entity and value of the remaining cash fund.

The input used in the classification of Level 3 instruments where fair value is disclosed:

- Licence fee receivable cash flows are discounted at 10.90% per annum (2021: 8.41%) using projections of trade revenue and price growth inflated at CPI.

The lease receivable and associated interest-bearing liabilities (lease loan and novation loan) are back to back leasing arrangements held by DBCTH. Both the other receivable and associated loan fair values are reasonably approximate to the carrying value at balance date due to the offsetting nature of these arrangements.

The carrying amount of financial assets and liabilities measured at amortised cost approximates their fair value at reporting date except for the following financial asset:

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial asset				
Loan receivable*	30,745	32,390	36,115	41,301
Total	30,745	32,390	36,115	41,301

*QTH only

The fair values have been based on the following:

- Loans receivable are discounted to present value using a discount rate considering the entity specific risks and using valuation techniques.

28 Budget vs actual comparison

Note – A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanation of major variances for other statements.

Certain responsibilities were transferred to Treasury as part of the machinery-of-government changes in 2021–22 (refer to note 2 (d)). The budget figures used in this comparison represent the Adjusted budget figures for 2021–22, as published in the latest (2022–23) Service Delivery Statements tabled in Parliament. The original budget figures used in the previous Service Delivery Statements no longer serve as a useful basis to compare to Treasury's actual results.

Explanation of major variances for Controlled Statement of Comprehensive Income

<u>Note 3 Appropriation revenue</u>

The decrease is primarily due to realignment of funding to future years for a number of initiatives, including the Invested in Queensland Program ($52.384 million), Advance Queensland Industry Attraction Fund ($36.650 million), Jobs and Regional Growth Fund ($24.339 million), Queensland Revenue Office's Debt Management System ($10.698 million) and Defence Project ($10.131 million). Also contributing is funding returned to the Consolidated Fund relating to cost savings achieved ($10.928 million). This is partially offset by $12.683 million in funding brought forward to 2021–22 for the written off of software assets due to a conversion from perpetual licences to subscription licences which do not meet the recognition criteria for capital assets.

28 Budget vs actual comparison (continued)

Explanation of major variances for Controlled Statement of Comprehensive Income (continued)

Note 4 User charges and fees

The increase is mainly due to higher than expected contributions from environmental authority holders towards the FP Fund of $11.506 million.

Grants and contributions

The increase reflects the contributions towards the whole-of-government banking and financial services procurement process of $0.900 million from other government departments.

Other revenue

The increase mainly relates to contributions of $1.667 million from the Queensland University of Technology and University of Queensland associated with the Advance Queensland Industry Attraction Fund. Also contributing are cost recoveries of $0.344 million associated with the South Brisbane property, a refund of fringe benefit tax of $0.272 million following re-assessment of prior year returns, receipt associated with a litigation of $0.227 million, and $0.309 million associated with the Business improvement and innovation in Government Conference for which budget was allocated to user charges and fees.

Note 7 Gain on sale of assets and fair value movement of investments

The increase is due to the increase in fair value of $10.941 million associated with the Dalrymple Bay Coal Terminal investment, prior to the investment being transferred to the Consolidated Fund. Also contributing is the gain on sales of $1.490 million associated with three Narangba properties. This is partially offset by the decrease in fair values associated with the BDF ($5.936 million) and the BQBIF ($0.502 million).

Note 8 Employee expenses

The decrease is due to strategies in place to manage the department's full-time equivalents. Also contributing is the utilisation of agency temps to backfill vacant positions mainly in the Queensland Revenue Office.

Note 9 Supplies and services

The decrease is mainly due to the revision of the timeframes and changes in the operating model for Queensland Revenue Office's Debt Management System ($10.698 million) and Invested in Queensland operating costs ($3.432 million). Also contributing is cost savings achieved with funding returned to the Consolidated Fund ($10.928 million). This is partially offset by higher costs relating to the Fines Modernisation Program (FMP) of $1.893 million, the revision of the timeframes for the Debt Management Centre of $2.596 million, and costs associated with the establishment of Housing Investment Fund ($1.260 million).

Note 10 Grants and subsidies

The decrease is primarily due to lower than anticipated grant payments associated with the Invested in Queensland Program ($48.600 million), the Advance Queensland Industry Attraction Fund ($34.983 million), the Jobs and Regional Growth Fund ($24.339 million), the Financial Provisioning Scheme ($8.655 million) and emerging whole of government priorities ($8.128 million).

Note 11 Losses on assets

The increase is due to the write off of software assets of $13.893 million as a result of a conversion from SAP perpetual licences to subscription licences which do not meet the recognition criteria for capital assets.

Depreciation and amortisation

The increase is due to depreciation costs of $4.889 million associated with the South Brisbane property acquired as the future site for the temporary International Broadcast Centre for the Brisbane 2032 Olympic and Paralympic Games. This is partially offset by the decrease in amortisation costs of $1.210 million due to the write off of the software assets as a result of the conversion from SAP perpetual licences to subscription licences from 1 January 2022.

Interest expense

The decrease reflects the fair value adjustments relating to a finance lease arrangement.

Note 12 Other expenses

The increase mainly relates to payment of unclaimed money of $0.563 million to Australian Securities and Investments Commission, increase in bank charges of $0.552 million, and goods and services received below fair value of $0.136 million from the State Archives. This is partially offset by lower audit fees of $0.176 million.

28 Budget vs actual comparison (continued)

Explanation of major variances for Controlled Statement of Financial Position

Note 14 Cash and cash equivalents

The increase is primarily due to the increase in current payables of $209.578 million at year end. Refer to note 21.

Note 15 Receivables - current

The increase mainly relates to the equity injection receivable as a result of an output to equity swap associated with the fair value adjustment for an investment ($10.941 million) and increased claim receivables from the annual leave and long service leave central schemes ($2.188 million). This is partially offset by a decrease in appropriation receivable of $8.879 million.

Note 16 Other financial assets – current

The increase relates to the FP Fund's investments with QIC Limited.

Other assets

The increase reflects increased prepayments of $5.761 million mainly relating to SAP products and services in Queensland Revenue Office.

Note 15 Receivables – non-current

The decrease reflects the level of finance lease receivable due to the reclassification to current receivable, partially offset by additional finance lease receivable recognised during the year.

Note 16 Other financial assets – non -current

The decrease mainly relates to $20 million additional investment in the BQBIF scheduled for 2021–22 being delayed to August 2022. Also contributing are fair value adjustments associated with the BQBIF ($0.540 million) and BDF investments ($3.783 million) in accordance with AASB 9 *Financial Instruments*.

Note 18 Property, Plant & Equipment

The increase is mainly due to the purchase of the South Brisbane property as the future site for the temporary International Broadcast Centre for the Brisbane 2032 Olympic and Paralympic Games ($165 million). This is partially offset by depreciation associated with the property ($4.889 million).

Note 19 Intangibles

The decrease is mainly due to the derecognition of software assets ($13.893 million) as a result of a conversion from SAP perpetual licences to subscription licences which do not meet the criteria for capital assets.

Note 21 Payables

The increase is mainly due to increased appropriation payable of $126.515 million and increased payables to Environmental Authority holders associated with cash surety under the *Mineral and Energy Resources (Financial Provisioning) Act 2018* ($71.254 million). Also contributing is an equity withdrawal payable of $11.326 million associated with fair value adjustments for investments ($6.437 million) and the return of depreciation funding for the South Brisbane property to the Consolidated Fund ($4.889 million).

Accrued employee benefits

The increase mainly relates to higher than budgeted annual leave central scheme levy payable ($1.162 million).

Total equity

The increase is mainly due to the equity injection of $165 million relating to the acquisition of the South Brisbane property as the future site for the temporary International Broadcast Centre for the Brisbane 2032 Olympic and Paralympic Games. This is partially offset by an equity withdrawal to return funding received to the Consolidated Fund associated with the write off of software assets ($11.340 million) and depreciation of the South Brisbane property ($4.889 million).

The increase also resulted from higher than budgeted 2021–22 surplus of $22.459 million, primarily associated with the FP Fund. Also contributing are higher audited opening balance of $9.409 million associated with FP Fund and an unbudgeted transfer from revaluation surplus upon the disposal of assets of $3.473 million.

28 Budget vs actual comparison (continued)

Explanation of major variances for Controlled Statement of Cash Flows

Cash inflows from operating activities

Appropriation receipts

The decrease is primarily due to realignment of funding to future years for a number of initiatives, including the Invested in Queensland Program ($52.384 million), Advance Queensland Industry Attraction Fund ($36.650 million), Jobs and Regional Growth Fund ($24.339 million), Queensland Revenue Office's Debt Management System ($10.698 million) and Defence Project ($10.131 million). Also contributing is funding returned to the Consolidated Fund relating to cost savings achieved ($10.928 million). This is partially offset by $12.683 million in funding brought forward to 2021–22 for the write off of software assets and $74.845 million in higher than budgeted increase in appropriation payables.

Surety receipts from Financial Provisioning Scheme

The increase reflects the level of cash surety collected from the Environmental Authority holders.

User charges and fees

The increase is mainly due to higher than expected contributions from the Environmental Authority holders towards the FP Fund of $11.506 million.

Grants and contributions

The increase reflects the contributions towards the whole of government banking and financial services procurement process of $0.900 million from other government departments.

GST input tax credits from ATO

The increase is due to the amount of input tax credits paid by ATO for supplier invoices processed which was budgeted as other Inflows. The actual input tax credits received is $29.057 million higher than budget.

GST collected from customers

The increase is due to the amount of GST collected from customers from sale of goods and services being budgeted as user charges and fees but reported as a separate inflow.

Interest received

The decrease mainly relates to the FP Fund’s investment in QIC Limited’s Cash Enhanced Fund as a result of less than budgeted rates of returns.

Other inflows

The decrease mainly relates to $6.204 million in input tax credits paid by ATO being budgeted as other inflows while the actual input tax credits received is reported as a separate inflow. This is partially offset by $1.667 million in contributions from the Queensland University of Technology and University of Queensland associated with the Advance Queensland Industry Attraction Fund, $0.344 million in cost recoveries associated with the South Brisbane property, $0.272 million in a refund of fringe benefit tax, $0.227 million associated with a litigation and $0.309 million relating to the Business improvement and innovation in Government Conference for which budget was allocated to user charges and fees.

Cash outflows from operating activities

Employee expenses

The decrease is due to strategies in place to manage the department's full-time equivalents. Also contributing is the utilisation of agency temps to backfill vacant positions mainly in the Queensland Revenue Office.

Supplies and services

The decrease is mainly due to the revision of the timeframes and changes in the operating model for Queensland Revenue Office Debt Management System ($10.698 million), Invested in Queensland operating costs ($3.432 million) and GST paid to suppliers being budgeted as supplies and services but reported as a separate outflow ($6.204 million). Also contributing is cost savings achieved with funding returned to the Consolidated Fund ($10.928 million). This is partially offset by higher costs relating to the Fines Modernisation Program of $1.893 million, the revision of the timeframes for the Debt Management Centre of $2.596 million, and costs associated with the establishment of Housing Investment Fund ($1.260 million).

Grants and subsides

The decrease is primarily due to lower than anticipated grant payments associated with the Invested in Queensland Program ($48.600 million), the Advance Queensland Industry Attraction Fund ($34.983 million), the Jobs and Regional Growth Fund ($24.339 million), the Financial Provisioning Scheme ($8.655 million) and emerging whole of government priorities ($8.128 million).

28 Budget vs actual comparison (continued)

Explanation of major variances for Statement of Cash Flows (continued)

Cash outflows from operating activities (continued)

GST remitted to ATO

The increase is mainly due to GST remitted to ATO being budgeted as other outflow but reported as a separate outflow.

GST paid to suppliers

The increase is mainly due to GST paid to suppliers for goods and services purchased being budgeted as supplies and services. The actual GST paid to suppliers is $29.691 million higher than budget.

Other outflows

The decrease is mainly due to $4.823 million in GST remitted to ATO being budgeted as other outflow but reported as a separate outflow and $0.176 million in lower than anticipated audit fees. This is partially offset by the payment of unclaimed money of $0.563 million to the Australian Securities and Investments Commission, increase in bank charges of $0.552 million, and goods and services received below fair value of $0.136 million from the State Archives.

Cash flows from investing activities

Lease payments received

The increase is due to higher repayments associated with the finance lease as a result of prepayment received.

Proceeds from sale of land and buildings

The increase relates to the sale of three Narangba properties in 2021–22.

Payments for property, plant and equipment

The increase reflects the purchase of the South Brisbane property as the future site for the temporary International Broadcast Centre for the Brisbane 2032 Olympic and Paralympic Games.

Payment for investments

The decrease is due to $20 million in additional investment in the BQBIF being delayed to August 2022, partially offset by $14.758 million in investments by the FP Fund.

Lease payments made

The decrease is a result of the scheduled finance lease payments being delayed to 2022–23.

Cash flows from financing activities

Equity injections

The increase reflects $165 million in funding received for the purchase of the South Brisbane property as the future site for the temporary International Broadcast Centre for the Brisbane 2032 Olympic and Paralympic Games.

Equity withdrawals

The increase is due to a payment of 2020–21 equity withdrawal payable of $20.950 million relating to the fair value adjustments for the BQBIF and an equity withdrawal of $11.340 million to return cash to the Consolidated Fund for funding received for the write off of software assets.

	Notes	2022 Actual $'000	2022 Adjusted budget* $'000	2022 Budget variance* $'000	2021 Actual $'000
Income and expenses administered on behalf of the whole-of-government					
Income from operations					
Revenue					
Grants and other contributions	29	22,418,057	21,158,932	1,259,125	22,771,866
Taxes	30	16,639,053	14,172,027	2,467,026	13,075,153
Royalties	31	8,876,649	3,126,298	5,750,351	2,486,701
Appropriation revenue	32	6,644,614	6,397,722	246,892	6,652,311
Interest revenue		511,008	530,043	(19,035)	33,489
User charges and fees		38,990	59,104	(20,114)	43,088
Other revenue	33	750,150	747,367	2,783	539,591
Total revenue		55,878,521	46,191,493	9,687,028	45,602,199
Gain on fair value movement of other financial assets	41	..	44,540	(44,540)	6,217,456
Total income from operations		55,878,521	46,236,033	9,642,488	51,819,655
Expenses from operations					
Finance/borrowing costs	34	1,226,311	1,299,433	(73,122)	1,332,989
Losses on assets	35	685,040	57,844	627,196	11,549
Grants and subsidies	36	417,645	158,974	258,671	904,224
Supplies and services	37	128,075	163,341	(35,266)	132,769
Other expenses	38	4,762,725	4,775,974	(13,249)	4,226,510
Total expenses from operations		7,219,796	6,455,566	764,230	6,608,041
Operating result before transfers to government		48,658,725	39,780,467	8,878,258	45,211,614
Transfers of administered revenue to government		48,682,924	39,279,579	9,403,345	38,967,896
Total administered comprehensive income		(24,199)	500,888	(525,087)	6,243,718

* An explanation on the use of adjusted budget amounts and major variances is included at note 46.

The accompanying notes form part of these statements.

	Notes	2022 Actual $'000	2022 Adjusted budget* $'000	2022 Budget variance* $'000	2021 Actual $'000
Assets and liabilities administered on behalf of the whole-of-government					
Current assets					
Cash assets	39	(1,077,311)	(416,345)	(660,966)	(1,459,583)
Receivables	40	1,654,744	1,277,026	377,718	2,969,482
Other current assets		12,297	9,736	2,561	11,000
Total current assets		589,730	870,417	(280,687)	1,520,899
Non-current assets					
Receivables	40	22,742	33,657	(10,915)	39,597
Other financial assets	41	7,718,020	8,206,861	(488,841)	7,742,219
Total non-current assets		7,740,762	8,240,518	(499,756)	7,781,816
Total administered assets		8,330,492	9,110,935	(780,443)	9,302,715
Current liabilities					
Payables	42	146,223	2,970	143,253	4,441
Transfer to government payable**		3,356,035	1,402,360	1,953,675	4,239,058
Interest bearing liabilities	43	1,060,920	1,124,742	(63,822)	1,148,959
Other liabilities		120,014	50,830	69,184	71,958
Total current liabilities		4,683,192	2,580,902	2,102,290	5,464,416
Non-current liabilities					
Interest bearing liabilities	43	48,527,396	56,570,424	(8,043,028)	45,665,208
Total non-current liabilities		48,527,396	56,570,424	(8,043,028)	45,665,208
Total administered liabilities		53,210,588	59,151,326	(5,940,738)	51,129,624
Administered net assets		(44,880,096)	(50,040,391)	5,160,295	(41,826,909)

*An explanation on the use of adjusted budget amounts and major variances is included at note 46.
The accompanying notes form part of these statements.

****Accounting policy – Transfers to Government Payable**

In accordance with the *Financial Accountability Act 2009*, all administered revenue apart from the earnings from Special Purpose Accounts, is to be transferred to the Treasurer's Consolidated Fund operating account during the year. Revenue earned but not yet transferred to the Consolidated Fund operating account are recorded as a payable at year end. Administered revenue received is transferred to the Consolidated Fund during the year and can be found in the Statement of Comprehensive Income. The accounts are prepared on an accrual basis of accounting as outlined in note 1(b).

	Notes	2022 Actual $'000	2021 Actual $'000
Cash flows administered on behalf of the whole-of-government			
Cash flows from operating activities			
Inflows			
Administered item receipts		6,878,361	6,418,229
Grants and other contributions		22,954,608	20,983,866
Taxes		17,407,477	12,651,145
Royalties		8,852,921	2,493,188
Interest		509,060	30,302
GST input tax credits from ATO		6,566	6,066
GST collected from customers		23,413	21,821
Other		645,255	505,779
Outflows			
Transfers to government		(49,587,258)	(36,075,063)
Grants and subsidies		(417,646)	(904,224)
Finance/borrowing costs		(1,220,889)	(1,303,228)
Supplies and services		(131,075)	(161,494)
GST remitted to ATO		(23,415)	(21,825)
GST paid to suppliers		(6,731)	(6,051)
Other		(4,764,055)	(4,228,134)
Net cash provided by operating activities		1,126,592	410,377
Cash flows from investing activities			
Inflows			
Loans and advances received		18,599	19,131
Outflows			
Payments for investment in Debt Retirement Fund		(501,928)	(1,526,263)
Loans and advances made		(1,324)	(2,738)
Net cash provided by/(used in) investing activities		(484,653)	(1,509,870)
Cash flows from financing activities			
Inflows			
Equity injections		..	1,500,000
Advances received from GOCs		2,331,696	1,613,804
Borrowings		3,030,381	10,850,801
Transfer from redraw			..
Outflows			
Borrowing redemptions		(12,795)	(13,419)
Transfer to redraw		(155,000)	(2,260,000)
Advance redemptions to GOCs		(2,424,959)	(1,978,081)
Equity withdrawals		(3,028,990)	(10,845,854)
Net cash provided by/(used in) financing activities		(259,667)	(1,132,749)
Net increase/(decrease) in cash and cash equivalents		382,272	(2,232,242)
Administered cash and cash equivalents at beginning of financial year		(1,459,583)	772,659
Administered cash and cash equivalents at end of financial year	39	(1,077,311)	(1,459,583)

Queensland Treasury
Administered Reconciliation of Operating Result to Net Cash provided by Operating Activities
for the year ended 30 June 2022

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Operating result	(24,199)	6,243,718
Gain/(Loss) on fair value movements of investments	526,127	(6,217,456)
Non-cash finance cost adjustments	(516)	11,857
Interest expense on QTC loans	3,475	17,742
Change in assets and liabilities:		
(Increase)/decrease in receivables	1,316,187	(1,240,742)
(Increase)/decrease in other current assets	(1,297)	(1,358)
Increase/(decrease) in payables	141,782	(1,316,680)
Increase/(decrease) in transfers to government payable	(883,023)	2,892,833
Increase/(decrease) in other liabilities	48,056	20,463
Net cash provided by operating activities	1,126,592	410,377

	Notes	Opening balance 2021	Interest & admin fees	Cash flows Cash received	Cash repayments	Closing balance 2022
		$'000	$'000	$'000	$'000	$'000
Assets and liabilities administered on behalf of the whole-of-government						
Current liabilities						
Interest bearing liabilities	43	1,148,959	18,019	2,331,696	(2,437,754)	1,060,920
Non-current liabilities						
Interest bearing liabilities	43	45,665,208	(13,193)	3,030,381	(155,000)	48,527,396
Total administered liabilities		46,814,167	4,826	5,362,077	(2,592,754)	49,588,316

Administered Reconciliation of Changes in Liabilities Arising from Financing Activities
for the year ended 30 June 2021

	Notes	Opening balance 2020	Interest & admin fees	Cash flows Cash received	Cash repayments	Closing balance 2021
		$'000	$'000	$'000	$'000	$'000
Assets and liabilities administered on behalf of the whole-of-government						
Current liabilities						
Interest bearing liabilities	43	1,505,782	20,873	1,613,804	(1,991,500)	1,148,959
Non-current liabilities						
Interest bearing liabilities	43	37,063,615	10,792	10,850,801	(2,260,000)	45,665,208
Total administered liabilities		38,569,397	31,665	12,464,605	(4,251,500)	46,814,167

Queensland Treasury
Administered Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2022

	Economics and Fiscal		Revenue Management		Other*		Inter-service/activity eliminations		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Income and expenses administered on behalf of the whole-of-government										
Income from operations										
Revenue										
Grants and other contributions	22,418,057	22,771,866	..	..	..	..	..	..	22,418,057	22,771,866
Taxes	..	..	16,742,052	13,120,546	..	..	(102,999)	(45,393)	16,639,053	13,075,153
Royalties	..	..	8,876,649	2,486,701	..	..	..	..	8,876,649	2,486,701
Appropriation revenue	137,136	532,874	499,773	558,860	6,007,705	5,560,577	..	..	6,644,614	6,652,311
Interest revenue	503,768	26,263	202	745	9,912	9,566	(2,874)	(3,085)	511,008	33,489
User charges and fees	..	1,083	38,990	42,020	..	..	..	(15)	38,990	43,088
Other revenue	336,986	295,895	397,364	233,499	15,800	10,197	..	..	750,150	539,591
Total revenue	23,395,947	23,627,981	26,555,030	16,442,371	6,033,417	5,580,340	(105,873)	(48,493)	55,878,521	45,602,199
Gain on fair value movement of other financial assets	..	6,217,456	..	..	..	..	..	..	..	6,217,456
Total income from operations	23,395,947	29,845,437	26,555,030	16,442,371	6,033,417	5,580,340	(105,873)	(48,493)	55,878,521	51,819,655
Expenses from operations										
Finance/borrowing costs	..	..	2	43	1,229,183	1,336,031	(2,874)	(3,085)	1,226,311	1,332,989
Losses on assets	526,127	..	158,913	11,549	..	..	..	..	685,040	11,549
Grants and subsidies	4,000	400,176	388,341	504,048	25,304	..	..	..	417,645	904,224
Supplies and services	120,807	125,557	6,818	7,026	450	186	..	..	128,075	132,769
Other expenses	12,330	7,140	104,612	47,745	4,748,782	4,217,033	(102,999)	(45,408)	4,762,725	4,226,510
Total expenses from operations	663,264	532,873	658,686	570,411	6,003,719	5,553,250	(105,873)	(48,493)	7,219,796	6,608,041
Operating result before transfers to government	22,732,683	29,312,564	25,896,344	15,871,960	29,698	27,090	..	..	48,658,725	45,211,614
Transfers of administered revenue to government	22,756,882	23,068,846	25,896,344	15,871,960	29,698	27,090	..	..	48,682,924	38,967,896
Total administered comprehensive income	(24,199)	6,243,718	..	..	..	..	..	..	(24,199)	6,243,718

*Includes superannuation, whole-of-government offset account, central schemes (insurance, annual leave and long service leave), and other administered items.

Queensland Treasury
Administered Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2022

	Economics and Fiscal		Revenue Management		Other**		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Assets and liabilities administered on behalf of the whole-of-government*								
Current assets								
Cash assets	1,055,488	1,185,229	623,598	(47,192)	(2,756,397)	(2,597,620)	(1,077,311)	(1,459,583)
Receivables	211,871	734,432	1,418,208	2,341,945	24,665	(106,895)	1,654,744	2,969,482
Other current assets	133	144		..	12,164	10,856	12,297	11,000
Total current assets	1,267,492	1,919,805	2,041,806	2,294,753	(2,719,568)	(2,693,659)	589,730	1,520,899
Non-current assets								
Receivables	..	..	..	..	22,742	39,597	22,742	39,597
Other financial assets	7,718,020	7,742,219	..	..	..	..	7,718,020	7,742,219
Total non-current assets	7,718,020	7,742,219	..	..	22,742	39,597	7,740,762	7,781,816
Total administered assets	8,985,512	9,662,024	2,041,806	2,294,753	(2,696,826)	(2,654,062)	8,330,492	9,302,715
Current liabilities								
Payables	3,657	..	(92,136)	3,887	234,702	554	146,223	4,441
Transfer to government payable	1,372,831	2,028,801	2,013,453	2,218,465	(30,249)	(8,208)	3,356,035	4,239,058
Interest bearing liabilities	..	..	..	..	1,060,920	1,148,959	1,060,920	1,148,959
Other liabilities	..	..	120,044	71,958	(30)	..	120,014	71,958
Total current liabilities	1,376,488	2,028,801	2,041,361	2,294,310	1,265,343	1,141,305	4,683,192	5,464,416
Non-current liabilities								
Interest bearing liabilities	..	..	..	..	48,527,396	45,665,208	48,527,396	45,665,208
Total non-current liabilities	..	..	..	..	48,527,396	45,665,208	48,527,396	45,665,208
Total administered liabilities	1,376,488	2,028,801	2,041,361	2,294,310	49,792,739	46,806,513	53,210,588	51,129,624
Administered net assets	7,609,024	7,633,223	445	443	(52,489,565)	(49,460,575)	(44,880,096)	(41,826,909)

*The department has systems in place to allocate assets and liabilities by major departmental services.

**Includes superannuation, whole of government offset account and central schemes (insurance, annual leave and long service leave), and other administered items.

29 Grants and other contributions

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
GST revenue grant	16,078,978	15,419,401
National Partnership Payments – capital project	2,401,835	3,150,119
National Partnership Payments – recurrent project	684,729	482,388
Specific purpose – recurrent		
- Schools	2,090,758	1,982,174
- Disability services	211,501	692,991
- Skills and workforce development	321,385	385,804
- Affordable housing	334,702	328,010
Specific purpose – capital	294,169	330,979
	22,418,057	22,771,866

Accounting policy – Grants and other contributions

Grants are recognised based on the applicable revenue standard. Grants that do not meet the enforceable and sufficiently specific performance obligations under AASB 15 *Revenue from Contracts with Customers* will be recognised under AASB 1058 *Income of Not-for-Profit entities*. Grants recognised under AASB 1058 are recognised upfront or when the corresponding asset (e.g. cash or receivable) has been recognised and received. Where the grant agreement is enforceable and does contain sufficiently specific performance obligations that will result in Treasury providing goods or services to other parties are recognised under AASB 15 and may qualify for deferral depending on when the specific performance obligations have been satisfied.

Commonwealth grants revenue are recognised under AASB 1058, including the grant funding received and the impact of end of year GST revenue adjustments to reflect the change in the share of the State in the GST pool. Commonwealth grants revenue received are remitted to the Consolidated Fund.

Donations and contributions are recognised as revenue in the year which Treasury obtains control over them (control is generally obtained at the time of receipt).

Grants received by Treasury on-passed to other departments are not recognised as revenue as Treasury's responsibility is solely to pass the grants to other entities (refer to note 48). Specific purpose grants received by Treasury relating to Quality Schools Funding are on-passed to the Department of Education. Specific purpose grants received by Treasury relating to pest and disease preparedness and response programs are on-passed to the Department of Agriculture and Fisheries. All other grants are transferred to Consolidated Fund.

30 Taxes

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Taxes		
Duties	8,304,327	5,741,937
Payroll tax	5,047,435	4,214,271
Land tax	1,640,776	1,531,441
Gaming machine tax	851,058	820,793
Lottery tax	381,414	359,499
Betting tax	160,274	156,636
Casino tax	112,048	106,868
Keno tax	23,087	21,528
Other taxes	1,337	1,115
	16,521,756	12,954,088
Levies		
Health services levy	117,297	121,065
	117,297	121,065
	16,639,053	13,075,153

Accounting policy – Taxes

The main revenue streams and the governing Acts which underpin them include:

- *Duties Act 2001*
- *Payroll Tax Act 1971*
- *Land Tax Act 2010*
- *Taxation Administration Act 2001*
- *Local Government Act 2009 (National Tax Equivalents Regime)*
- *Betting Tax Act 2018*
- *Gaming Machine Act 1991, Casino Control Act 1982, Keno Act 1996, Lotteries Act 1997, and Wagering Act 1998 (administered by The Office of Liquor and Gaming Regulation).*

Revenue is recognised under AASB 1058 *Income of Not-for-Profit entities* when one or more of the following taxable events occur:

- the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably
- the assessment is raised by the self-assessor (a person who lodges transactions online), predominantly for payroll tax and duties. Additional revenue is recognised upon amended assessment
- the assessment is issued because of Commissioner-assessed transactions or following compliance activities such as reviews and audits, predominantly for land and gaming taxes
- tax penalty and interest revenue are recognised when raised, when an assessment becomes overdue or further enforcement activity commences.

When payment is received before an assessment is raised, this is recognised as unearned revenue (reported as Other liabilities in the Statement of Comprehensive Income) and recognised as revenue when the assessment is raised.

The impact of the COVID-19 response measures to tax revenue foregone has been detailed in note 2 (c).

	2022 $'000	2021 $'000

31 Royalties

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Royalties	8,876,649	2,486,701
	8,876,649	2,486,701

Accounting policy – Royalties

The governing Acts which underpin royalties include:

- *Mineral Resources Act 1989, Petroleum and Gas (Production and Safety Act) 2004*
- *Taxation Administration Act 2001.*

Revenue is recognised when one or more of the following events are satisfied:

- the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably. The underlying transaction or event is usually when
  - the mineral is sold, disposed of or used in a return period
  - petroleum is disposed of or the return in which the petroleum is produced
- the assessment is raised by the self-assessor (a person who lodges transactions online). Additional revenue is recognised upon amended assessment
- the assessment is issued because of Commissioner-assessed transactions or following compliance activities such as reviews and audits
- tax penalty and interest revenue are recognised when raised, when an assessment becomes overdue or further enforcement activity commences.

When payment is received before an assessment is raised, this is recognised as unearned revenue (reported as Other liabilities in the Statement of Comprehensive Income) and recognised as revenue when the assessment is raised.

32 Appropriation revenue

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Budgeted administered item appropriation and equity	6,370,998	8,156,408
Transfer (to)/from other departments	26,724	..
Transfer (to)/from other heading	..	(160,625)
Lapsed appropriation	..	(77,554)
Unforeseen expenditure	480,639	..
Total administered item receipts including equity	6,878,361	7,918,229
Less opening balance of administered appropriation revenue receivable	(89,127)	
Plus closing balance of administered appropriation revenue receivable	..	89,127
Plus opening balance of administered deferred appropriation payable to the Consolidated Fund	..	143,002
Plus non cash adjustment between departments		784
Less administered appropriation receivable - MoG transfer in	(214)	
Less closing balance of administered deferred appropriation payable to the Consolidated Fund	(144,406)	..
Plus opening balance of administered appropriation payable to Commonwealth Government		1,169
Net appropriation revenue	6,644,614	8,152,311
Plus deferred appropriation expense payable to Consolidated Fund	..	..
Total administered appropriation revenue recognised in the Statement of Comprehensive Income including equity	6,644,614	8,152,311
This is represented by:		
Administered item revenue recognised in Statement of Comprehensive Income	6,644,614	6,652,311
Appropriated equity adjustment recognised in equity injection/(withdrawal)	..	1,500,000
Total administered appropriation revenue recognised in the Statement of Comprehensive Income including equity	6,644,614	8,152,311

Additional appropriation revenue received to fund COVID-19 response measures has been detailed in note 2 (c).

33 Other revenue

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Competitive neutrality fees	332,605	291,509
Fines and penalty revenue	393,915	230,311
Miscellaneous receipts	23,630	17,771
	750,150	539,591

Accounting policy – Other revenue and user charges and fees

The State Penalties Enforcement Act 1999 largely covers administrative arrangements for the enforcement and recovery of court ordered fines, related levies and unpaid infringement notices. The *State Penalties Enforcement (Modernisation) Amendment Act 2022* implements an integrated approach to managing fines for camera-detected offences and tolling offences, with functions centralised to the Queensland Revenue Office. This allows collection and recognition of other fines and penalty revenue administered by DTMR and QPS (refer to note 2(d)). The Act also provides a framework for earlier registration of unpaid infringement notices by the State Penalties Enforcement Registry within the Queensland Revenue Office.

Fines and penalty revenue is recognised when the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably under AASB 1058 *Income of Not-for-Profit entities*. This is recognised when the unpaid penalty, fine or levy (such as court, traffic offences and tolling fines) has been transferred and registered with the State Penalties Enforcement Registry or when the right to collect the fines occur such as the issuance of infringement notice.

Lodgement fees reported under administered user charges and fees are recognised upon registration of the default certificate where the amount unpaid is increased by the amount of the registration fee. Additional income from enforcement fees on overdue fines is recognised when they are subject to further enforcement action.

Competitive neutrality fees are a requirement for government business activities to pay taxes (or tax equivalents) to remove benefits (and costs) as a result of their public ownership which accrue to government business activities when competing with the private sector. This fee also includes QIC Limited investment management fees payable by QTC and statutory bodies that have significant funds under management with QIC Limited.

34 Finance/borrowing costs

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Interest on loans – QTC	1,179,730	1,272,790
Administration fees	33,690	31,143
Interest – other	11,003	14,285
Market value realisation on QTC borrowings	..	13,058
Unwind concessional loan discount – Commonwealth borrowings	1,385	1,105
Interest on loans – Commonwealth Government	316	224
Concessional loan discount – NDRRA loans *	187	384
	1,226,311	1,332,989

* Represents the discount on initial recognition of Natural Disaster Relief and Recovery Arrangement (NDRRA) loans.

34 Finance/borrowing costs (continued)

Accounting policy – Finance/borrowing costs

Finance/borrowing costs are recognised in the period in which they are incurred. These include amortisation of discounts or premiums relating to borrowings. These costs are incurred on the Treasury Offset Account (refer to note 39 for whole of government Treasury Offset Account arrangements) and whole of government borrowings, GOC's advances and Commonwealth borrowings (note 43).

35 Losses on assets

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Loss on fair value movement on other financial assets*	526,127	..
Bad debts written off*	116,896	43,141
Impairment loss/(reversals) – fines and penalty	32,698	(25,619)
Impairment loss / (loss reversals) – taxation	9,319	(5,973)
	685,040	11,549

*Refer to note 41 Other financial assets.
**SPER Debt Write Off Guideline enables the SPER Registrar to write off bad debts in all circumstances in which it is unlikely the debts could be recovered cost effectively. Bad debts written off for fines and penalty amounts to $91.429 million for 2021–22 (2021:$22.152 million).
The total bad debts written-off includes bad debts written off directly, not through provision for impairment for 2021–22 amounts to $3.291 million (2021:$1.765 million)(note 40).

36 Grants and subsidies

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Commonwealth HomeBuilder Grants	238,255	262,985
First Home Owners Grants*	142,978	183,047
Grants to statutory bodies**	29,304	383,357
Subsidies to Private entities***	374	56,713
Other	6,734	18,122
	417,645	904,224

*This includes payments for the Regional Home Building Boost Grant as part of the COVID-19 relief measures.
** This includes payments of $367.713 million in 2020–21 to Queensland Reconstruction Authority.
***Subsidies to Private entities relates to rebates and refunds given to taxpayers in relation to COVID-19 relief measures (note 2 (c)). Payroll tax refunds amounts to $0.040 million (2021: $37.935 million) and land tax rebate amounts to $0.334 million (2021: $18.778 million).

37 Supplies and services

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
GST administration expense remitted to the Commonwealth	120,807	125,557
Administration fees	1,131	917
Other	6,137	6,295
	128,075	132,769

38 Other expenses

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Superannuation benefit payments	1,926,874	1,732,347
Annual leave central scheme reimbursements	2,103,001	1,852,278
Long service leave reimbursements	501,919	380,642
Queensland Government Insurance Fund claims	179,753	208,345
Reinsurance expense	35,185	31,201
Ex-gratia payments*	13,685	9,333
Sundry	2,304	12,364
	4,762,725	4,226,510

*A portion of dividends and tax equivalent payments received by the State under the National Tax Equivalents Regime are paid to local governments via ex gratia payments from Treasury administered.

Accounting policy – Other expenses

Annual Leave Central Scheme claims paid and Long Service Leave reimbursements

Annual leave and long service leave claims paid represent quarterly reimbursements to agencies from the Annual Leave and Long Service Leave Central Schemes administered by the Australian Retirement Trust. These are recognised as expenses in the period when they are reimbursed. The scheme is funded by annual leave and long service leave levies paid by agencies and reimbursements are sought from the scheme for actual leave payments made to employees and associated on-costs, quarterly in arrears (note 8).

Superannuation benefit payments

Superannuation benefit payments are recognised in the period when they are paid to Australian Retirement Trust. These represent proportional funding for superannuation defined benefit payments for retirement benefit liabilities held by the State for the State Public Sector Superannuation Scheme, pensions provided in accordance with the *Judges' (Pensions and Long Leave) Act 1957* (Judges' Scheme) and the Energy Super Fund.

39 Cash assets

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Whole-of-government Treasury Offset Arrangement *	(3,088,605)	(2,843,882)
Other administered bank accounts	2,011,294	1,384,299
	(1,077,311)	(1,459,583)

*The whole of government Treasury Offset Arrangement incorporates the Treasury offset bank account which is an overdraft facility as required under section 49(1) of the *Financial Accountability Act 2009* and a QTC Working Capital Facility. This overdraft facility is part of an offset arrangement with other departmental bank accounts and is considered in determining the interest earned on the whole of government position. Cash at bank is an aggregate of Treasury administered bank accounts including the Treasury offset bank account.

In addition, Treasury has established another offset arrangement with the Commonwealth Bank of Australia to maximise interest earned on surplus cash balances held by departmental bank accounts that do not fall within the whole-of-government offset arrangement.

The QTC GOC advances fund is utilised to transfer GOCs' surplus funds to the Treasury offset arrangement (note 43).

The QTC Working Capital Facility is used for short-term borrowings. The fair value of the borrowings in the QTC Working Capital Facility at 30 June 2022 is represented by its book value (as notified by QTC). Interest is calculated daily based on the Reserve Bank's official cash rate. Interest is charged at rates between 0.85 % and 0.07 % (2021: between 0.65% and 0.10%) along with an administration margin of 0.05 % (2021: 0.05%).

40 Receivables

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Current		
Debtors*	1,823,027	2,483,958
Less: allowance for impairment*	(404,576)	(362,559)
	1,418,451	2,121,399
Grants receivable**	128,093	664,859
Appropriation revenue receivable	..	89,127
Competitive neutrality fees	83,278	73,031
Other advances	20,047	18,598
Sundry receivable	4,206	1,964
GST input tax credits receivable	669	504
	236,293	848,083
	1,654,744	2,969,482
Non-current		
Other advances	22,742	39,597
	22,742	39,597
	1,677,486	3,009,079

*The debtors balance includes receivables of $1.117 billion (2021: $1.081 billion) for fines and penalties. As at 30 June 2022, a loss allowance of $328.798 million is recognised for the fines and penalty receivable (2021: $296.100 million) representing 29% of the total receivables (2021: 27%).
The receivables other than debtors do not have any loss allowance as they are inter-agency receivables between Treasury, other departments and GOCs.

**Grants receivable includes the adjustment to recognise an upward revision to the estimate of the total GST collected by the Commonwealth.

Movements in allowance for impairment of receivables	2022 $'000	2021 $'000
Opening balance	362,559	394,151
Amounts written off during the year	(113,605)	(41,374)
Increase/(decrease) recognised in Statement of Comprehensive Income**	155,622	9,782
Balance at 30 June	404,576	362,559

** Does not include amounts written off directly to bad debts expense, $3.291 million (2021: $1.765 million), (refer note 35).

40 Receivables (continued)

Accounting policy - Receivables

Administered debtors for taxes, royalties, fines and penalty debt are recognised in line with revenue criteria, explained in notes 30–31 and note 33.

Other advances relating to the NDRRA loans are recognised when the State provides upfront funding to the Queensland Rural and Industry Development Authority (QRIDA) for disaster recovery relief. At an undetermined time in the future the Commonwealth will provide a sum of funding, classified as a concessional loan to the State. When this occurs a corresponding Commonwealth borrowing is recognised (refer note 43). Principal repayments on advances made to QRIDA become payable within 2 years and interest repayments payable within 1 year after the Commonwealth contribution is received.

Allowance for impairment

The allowance for impairment reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact Treasury's debtors, along with relevant industry and statistical data where applicable.

A number of debt collection measures are undertaken including the exercising of legislative powers contained within the *Taxation Administration Act 2001*, *State Penalties Enforcement Act 1999 and the State Penalties Enforcement (Modernisation) Amendment Act 2022*, prior to impairing debt.

If no expected loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If Treasury determines that an amount owing by such a debtor does become uncollectable, the amount is impaired, then subsequently recognised as a bad debt expense and written off directly against receivables. In other cases where a debt becomes uncollectable, but the uncollectable amount exceeds the amount already allowed for impairment of that debt, the excess is recognised as a bad debt expense and written off directly against receivables.

There is no impairment loss allowance recognised for Treasury's receivables from Queensland Government agencies or Australian Government agencies as credit risk for these receivables is considered low.

Credit risk exposure of receivables

Treasury manages credit risk using a credit management strategy. This strategy focuses on the prompt collection of revenues due and payable to Treasury and follow up of outstanding fees and charges within specified timeframes. Exposure to credit risk is monitored on an ongoing basis.

Risk assessments are performed upon non-payment of debt and maintained in the Queensland Revenue Office risk register with assigned risk ratings. Under this risk-based revenue management framework compliance plans are developed with reference to the debt management strategies.

Expected credit losses for taxes and royalties' receivables is calculated based on debt type using an expected credit loss percentage by age or individually assessed. For those debts where an expected credit loss percentage is used to calculate impairment, the historical credit loss experienced over a four-year period is adjusted by current conditions and forward-looking information on macro-economic factors affecting collectability of debts. The customer groups within the Queensland Revenue Office were determined by debt type and whether it consisted of high or low volume transactions. The provision matrix methodology was applied for high volume transactions and the low volume transactions were individually assessed. Treasury has identified employment growth, housing upturn/downturn, interest rates movement and population growth to be the relevant economic factors affecting taxes. The expected credit loss percentage is the average rate across the debts. Individually assessed debts are reviewed and a percentage loss is applied to each based on collectability.

Credit risk exposure has been assessed for taxes, royalties, fines and penalty debt receivables. The assessment includes consideration of the impact of COVID-19 and potential risk exposure from the fines and penalty debt receivables recognised under the Fines Modernisation Program. A portion of receivables as at 30 June 2021 from payroll tax of $667.080 million were deferred for collection until January 2022 as part of the COVID-19 relief measures (note 2 (c)).These receivables were categorised in the "Not yet due" and a 1.2% loss rate has been applied in 2020–21. No deferral of collections has occurred for 2021–22 assessments.

40 Receivables (continued)

Set out below is the credit risk exposure on Treasury's administered receivables. The total gross receivables exclude receivables of $385 million (2021: $469 million) that do not have any loss allowance.

Taxation debtors - assessed collectively using a provision matrix	**2022**			**2021**		
Administered on behalf of the whole-of-government	**Gross receivable**	**Loss rate**	**Expected credit losses**	**Gross receivable**	**Loss rate**	**Expected credit losses**
	$'000	**%**	**$'000**	**$'000**	**%**	**$'000**
Not yet due	99,231	0.3	283	790,221	1.2	9,167
Less than 30 days	19,404	5.6	1,093	13,383	5.1	684
30 to 60 days	17,566	21.2	3,728	8,607	24.6	2,115
61 to 90 days	23,663	27.6	6,531	10,741	29.4	3,156
Greater than 90 days	151,132	36.0	54,340	98,913	41.0	40,589
Total	310,996		65,975	921,865		55,711

Fines and penalty debt receivables are impaired on consideration of the best estimate of expected future credit losses and the likelihood of collectability with reference to historical activity for the specific debt types being assessed. Historical activity of the specific debt is determined based on a debt resolution rate. Debt resolution rate is the average rate of debt resolved through payment, non-monetary satisfaction, recalled or withdrawn by issuing agencies. In 2020–21, the debt resolution rate includes debt written off, however, for 2021–22, a change in estimating the expected future credit losses has been adopted with the debt resolution rate excluding the debt written-off. This is to appropriately reflect the expected future credit losses based on current information. Management judgement is required in assessing the debt resolution rates.

Taxation and royalties debtors - assessed individually	**2022**			**2021**		
Administered on behalf of the whole-of-government	**Gross receivables**	**Allowance for impairment**	**Carrying amount**	**Gross receivables**	**Allowance for impairment**	**Carrying amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Not yet due	17	(17)	..	26	(26)	..
Less than 30 days	..	..	..	24	(24)	..
30 to 60 days	46	(46)	..	2,341	(2,341)	..
61 to 90 days	154	(154)	..	19	(19)	..
Greater than 90 days	9,587	(9,587)	..	8,338	(8,338)	..
Total	9,804	(9,804)	..	10,748	(10,748)	..

Penalty and fines debtors - assessed collectively using a provision matrix	**2022**			**2021**		
Administered on behalf of the whole-of-government	**Gross receivable**	**Loss rate**	**Expected credit losses**	**Gross receivable**	**Loss rate**	**Expected credit losses**
	$'000	**%**	**$'000**	**$'000**	**%**	**$'000**
Less than 35 days ^	35,631	8.8	3,137	..		..
Greater than 35 days*	1,081,747	30.1	325,661	1,081,690	27.4	296,068
Total	1,117,378		328,798	1,081,690		296,068

^ These relates to additional fines and penalty debt receivables recognised this year under the Fines Modernisation Program.
* Majority of fines and penalty debts are over 35 days (commencing 1 March 2022) and over 90 days when they are referred to the debt registry (SPER) from the referring agencies.

41 Other financial assets

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Queensland Future Fund - DRF- FRN with QTC	7,718,020	7,742,219
Reconciliation of movements in the DRF		
Opening balance	7,742,219	..
Add: Contributions - new investments	..	7,695,724
Less: Investment drawdown	..	..
Add: Interest Income reinvested	501,928	26,263
Add: Gain/(loss) on fair value movement of the fixed rate note	(526,127)	20,232
Closing balance	7,718,020	7,742,219

Accounting policy – Other financial assets

Other Financial Assets represent the Queensland Future Fund - Debt Retirement Fund (DRF) Fixed Rate Note(FRN) with QTC. The Debt Retirement Fund was established under section 9 of the *Queensland Future Fund Act 2020 (the QFF Act)* as a sub-fund of the Queensland Future Fund for the purpose of providing funding for reducing the State's debt. Funds invested in the DRF are held for future growth and are offset against state debt to support Queensland's credit rating.

Contributions to the DRF include investments directed by the Treasurer to be contributed to the fund under section 10 of the *QFF Act* and any amounts that must be contributed to the fund under another Act. In accordance with the *QFF Act*, payments from the DRF may only be made to reduce the State's debt or pay fees or expenses relating to the administration of the fund. No payments from the DRF were made for debt repayment within the financial year.

In 2020–21, Queensland Treasury entered into a DRF FRN agreement with QTC. Under the agreement, assets may be contributed by the State to meet the purpose of the DRF from time to time. The DRF transfers any contributed assets received to QTC and in consideration, QTC increases the value of the DRF FRN to Queensland Treasury. QTC invests the contributed assets in the DRF portfolio. In 2020–21, initial contributions to the DRF totalled $7,695,724, including 75% of Queensland Titles Registry Pty Ltd. Total gain on transfer of assets in the DRF portfolio and fair value movement of the DRF FRN in 2020-21 amounted to $6,217.456 million. No contributions were made into the DRF within the 2021–22 financial year.

The FRN is recognised at FVTPL under AASB 9 *Financial Instruments*. Under the terms of the DRF FRN agreement, interest is calculated on a daily basis on the book value of the DRF FRN with interest capitalised monthly. The interest rate on the DRF FRN is an effective rate of 6.5% per annum. The DRF FRN is valued at the fair value of the DRF asset portfolio. The fair value methodology applied to the FRN is classified as Level 3 in the fair value hierarchy as it is based on the fair value of the corresponding assets in the DRF portfolio, which utilises significant unobservable inputs.

The fair value of the FRN is payable by QTC to Treasury on the termination date and upon payment, the DRF FRN will be cancelled. Treasury may from time to time request a payment of some part of the DRF FRN. In this event, QTC will dispose part of its interest in the DRF portfolio to fund the repayment.

QTC DRF Portfolio

The DRF FRN is supported by the DRF portfolio invested in unit trust arrangements managed by QIC Limited and held on QTC's balance sheet. The DRF portfolio is overseen by the State Investment Advisory Board (SIAB), an advisory board appointed under the *Queensland Treasury Corporation Act 1988*.

QTC's SIAB determines the investment objectives, asset allocations, risk profiles and strategy for the DRF portfolio within the framework provided by Government. QIC Limited as the investment manager for the portfolio implements the investment objectives set by SIAB for the DRF portfolio.

41 Other Financial Assets (continued)

The actual asset allocations of the DRF portfolio invested in QIC Limited unit trusts are:

	2022 $'000	2021 $'000
Defensive assets		
Cash	1,095,673	2,731,104
Fixed interest	511,381	584,512
Growth assets		
Equities	2,969,947	2,116,604
Diversified alternatives	532,557	..
Unlisted assets		
Infrastructure*	1,748,002	1,605,433
Private equities	403,795	359,610
Real estate	456,665	344,956
	7,718,020	7,742,219

*Infrastructure assets include a 22.26% (2021: 22.26%) indirect holding in Queensland Titles Registry Pty Ltd following rebalancing to other Queensland Government investment portfolios for liquidity purposes.

Investment performance

The DRF portfolio investment return objective is to achieve CPI plus 4.5% (before fees) over a rolling 10-year horizon. The return on the DRF portfolio, net of fees, for the financial year was -0.29%. Returns from the DRF are quarantined and reinvested in the DRF asset portfolio.

42 Payables

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Deferred appropriation payable to Consolidated Fund	144,406	..
Trade creditors	887	3,887
Other creditors	930	554
	146,223	4,441

43 Interest bearing liabilities

	2022 $'000	2021 $'000
Administered on behalf of the whole-of-government		
Current		
Advances payable to GOC's*	1,047,513	1,136,165
Commonwealth borrowings	13,407	12,794
	1,060,920	1,148,959
Non-current		
QTC borrowings **	48,512,077	45,639,226
Commonwealth borrowings	16,589	28,606
Less concessional loan discount and unwind	(1,270)	(2,624)
	48,527,396	45,665,208

Accounting policy – Interest bearing liabilities

Borrowings are initially recognised at fair value, plus any transaction costs, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of a financial instrument to the net carrying amount of that instrument. The fair value of borrowings subsequently measured at amortised costs is set out in note 45(e). Borrowings are split between current and non-current liabilities using the principles set out in note 1(e).

*GOCs are required to make any surplus cash available to the General Government Sector through modified set-off banking arrangements. Advances are made to the Treasury Offset Bank Account arrangement (note 39). Interest charged on advances payable to GOCs are based on QTC interest rates between 0.92% and 0.15% (2021: between 1.20% and 0.51%) along with an administration margin of 0.15% (2021: 0.15%).

**Interest is charged on whole-of-government borrowings with QTC at rates of between 2.74% and -0.03% (2021: between 3.42% and 0.26%) along with an administration margin at the rate of 0.07% (2021: 0.07%) which is accrued and paid quarterly to QTC.

Additional borrowings for COVID-19 response measures has been detailed in note 2(c).

44 Contingencies

Administered on behalf of whole-of-government

Litigation in progress

As at 30 June 2022, the following number of cases were filed in the courts:

	Cases	Estimated amount $'000
Supreme Court	12	157,534
Civil and Administrative Tribunal	56	4,711
Total	68	162,245

These cases relate to revenue collected by the Queensland Revenue Office. Treasury's legal advisers and management believe there is insufficient information available to determine the outcome of the abovementioned cases. Accordingly, no provision has been taken up in Treasury's financial statements.

45 Financial instruments

(a) Categorisation of financial instruments

Queensland Treasury has the following categories of financial assets and financial liabilities:

Administered on behalf of the whole-of-government			
Category	Notes	2022 $'000	2021 $'000
Financial assets			
Cash assets	39	(1,077,311)	(1,459,583)
Receivables*	40	1,677,486	3,009,079
Other financial assets	41	7,718,020	7,742,219
Other current assets		133	144
Total		8,318,328	9,291,859
Financial liabilities			
Payables	42	146,223	4,441
Transfer to government payable		3,356,035	4,239,058
Advances payable to GOCs	43	1,047,513	1,136,165
QTC borrowings	43	48,512,077	45,639,226
Commonwealth borrowings held at amortised cost*	43	28,726	38,776
Other liabilities		76	99
Total		53,090,650	51,057,765

*NDRRA loans are carried at amortised cost, $39.979 million (2021: $54.747 million) with the Commonwealth portion of $28.727 million (2021: $38.776 million) and State portion of $11.252 million (2021: $15.971 million). The book value of NDRRA loans amount to $41.863 million (2021: $58.382 million) with the State portion of $11.866 million (2021: $16.982 million) and a Commonwealth portion of $29.997 million (2021: $41.400 million). Interest is charged on NDRRA loans at a predetermined rate and recognised as an expense as it accrues. Repayments are received yearly in arrears. The Commonwealth Attorney-General’s Department – Emergency Management Australia determines the annual interest rate to be applied to the loans. In 2021–22 the interest rate was 0.80% (2021: 0.45%), which was calculated as 50% of the ten–year Treasury bond rate, averaged over the three-month period between April and June 2021.

(b) Financial risk management

Treasury’s activities expose it to a variety of financial risks – credit risk, liquidity risk and market risk. For discussion on managing credit risk refer to note 40.

Treasury adopts a risk-based revenue management framework in conjunction with debt management strategies to manage credit risk.

The management of financial risks is integral to Treasury’s overall governance framework. Treasury has adopted various strategies for the mitigation of each risk category, including active monitoring by the Budget Strategy and Financial Reporting group of borrowings by the State on behalf of whole-of-government. It is assisted in the discharge of these responsibilities through the provision of professional advice and assistance by QTC for borrowings and short-term investments.

Treasury’s internal financial reporting framework and oversight by the Executive Leadership Team also contribute to the effective management of financial risks.

(c) Liquidity risk

Treasury is exposed to liquidity risk in respect of its payables, Commonwealth borrowings, borrowings from QTC and Advances payable to GOCs.

45 Financial instruments (continued)

(c) Liquidity risk (continued)

The following table sets out the liquidity risk of financial liabilities held by Treasury. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Statement of Financial Position that are based on amortised cost.

QTC borrowings are interest only with no fixed repayment date for the principal component. For the purposes of completing the maturity analysis, the principal component of these loans has been included in the more than five-year time band with no interest payment assumed in this time band.

Administered on behalf of the whole-of-government

		2022 payable in			Total undiscounted cash flow	Carrying amount
	Notes	< 1 year $'000	1 - 5 years $'000	> 5 years $'000	$'000	$'000
Financial liabilities						
Payables	42	146,223	..	..	146,223	146,223
Transfer to government payable		3,356,035	..	..	3,356,035	3,356,035
Commonwealth borrowings*	43	13,633	14,859	2,117	30,609	29,996
Advances payable to GOCs	43	1,047,513	..	..	1,047,513	1,047,513
QTC borrowings	43	1,227,939	4,911,536	48,482,266	54,621,741	48,512,077
Other liabilities		76	..	..	76	76
Total		5,791,419	4,926,395	48,484,383	59,202,197	53,091,920

Administered on behalf of the whole-of-government

		2021 payable in			Total undiscounted cash flow	Carrying amount
	Notes	< 1 year $'000	1 - 5 years $'000	> 5 years $'000	$'000	$'000
Financial liabilities						
Payables	42	4,441	..	..	4,441	4,441
Transfer to government payable		4,239,058	..	..	4,239,058	4,239,058
Commonwealth borrowings*	43	12,981	26,194	2,730	41,905	41,400
Advances payable to GOCs	43	1,136,165	..	..	1,136,165	1,136,165
QTC borrowings	43	1,202,155	4,802,436	45,608,277	51,612,868	45,639,226
Other liabilities		99	..	..	99	99
Total		6,594,899	4,828,630	45,611,007	57,034,536	51,060,389

*Carrying amount excludes amortised cost component of Commonwealth borrowings.

45 Financial instruments (continued)

(d) Market risk

While Treasury (administered) does not trade in foreign currency, the mining industry is impacted by changes in the Australian dollar exchange rate and commodity prices, which may impact the royalty revenue received. Treasury is exposed to interest rate risk through its investments in the DRF and its borrowings, loans and advances and cash deposited in interest bearing accounts.

Interest rate sensitivity analysis

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date. The following interest rate sensitivity analysis depicts the outcome on administered net operating result and on the appropriation revenue/transfers to government expense if interest rates were to change by +/- 1.00% for 2022 (2021: +/- 0.25%) to reflect current expectations of future interest rate movement in the next 12 months from the year end rates applicable to Treasury's financial assets and liabilities.

Administered on behalf of the whole-of-government

		2022 Interest rate risk			
		-1.00%		1.00%	
Financial instruments	**Carrying amount**	**Net operating result****	**Appropriation revenue/Transfers to Gov't expense****	**Net operating result****	**Appropriation revenue/Transfers to Gov't expense****
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash	(3,088,605)	30,886	(30,886)	(30,886)	30,886
Receivables					
Loans and advances	29,996	(300)	300	300	(300)
Interest bearing liabilities					
Commonwealth borrowings	29,996	300	(300)	(300)	300
Advances payable to GOCs	1,047,513	10,475	(10,475)	(10,475)	10,475
QTC borrowings – General Debt Pool (floating rate)*	45,415,599	25,602	(25,602)	(21,511)	21,511
QTC borrowings – Variable Rate Loan	3,096,478	30,965	(30,965)	(30,965)	30,965
Potential impact		97,928	(97,928)	(93,837)	93,837

Administered on behalf of the whole-of-government

		2021 Interest rate risk			
		-0.25%		0.25%	
Financial instruments	**Carrying amount**	**Net operating result****	**Appropriation revenue/Transfers to Gov't expense****	**Net operating result****	**Appropriation revenue/Transfers to Gov't expense****
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash	(2,843,882)	7,110	(7,110)	(7,110)	7,110
Receivables					
Loans and advances	41,400	(104)	104	104	(104)
Interest bearing liabilities					
Commonwealth borrowings	41,400	104	(104)	(104)	104
Advances payable to GOCs	1,136,165	2,840	(2,840)	(2,840)	2,840
QTC borrowings – General Debt Pool (floating rate)*	42,543,653	27,363	(27,363)	(23,315)	23,315
QTC borrowings – Variable Rate Loan	3,095,572	7,739	(7,739)	(7,739)	7,739
Potential impact		45,052	(45,052)	(41,004)	41,004

*QTC borrowings - General debt pool is based on QTC sensitivity analysis and not based on the +/-1.00% (2021:+/-0.25%) change in interest rates.

**This reflects the impact of interest rate movements to net operating result excluding appropriation revenue and transfers to government expense. Changes in administered expenses will impact on appropriation revenue which funds administered expenses and changes in administered revenue will impact on remittance to the Consolidated Fund through the transfers to government expense account.

45 Financial instruments (continued)

(e) Fair value

Fair value hierarchy

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 13 *Fair Value Measurement*. The fair value hierarchy is categorised into three levels based on the observability of the inputs to fair valuation techniques.

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities.
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly.
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

According to the above hierarchy, the fair values of each class of financial instrument carried at fair value are as follows:

Class		Classification according to fair value hierarchy			2022 Total carrying amount
		Level 1 $'000	Level 2 $'000	Level 3 $'000	$'000
Financial assets and liabilities					
Cash assets					
Other administered bank accounts		2,011,294	..	..	2,011,294
Whole-of-government Treasury Offset Arrangement		(3,088,605)	..	..	(3,088,605)
Other financial assets			..	7,718,020	7,718,020
Total		(1,077,311)	..	7,718,020	6,640,709

Class		Classification according to fair value hierarchy			2021 Total carrying amount
		Level 1 $'000	Level 2 $'000	Level 3 $'000	$'000
Financial assets and liabilities					
Cash assets		..	..	..	..
Other administered bank accounts		1,384,299	..	..	1,384,299
Whole-of-government Treasury Offset Arrangement		(2,843,882)	..	..	(2,843,882)
Other financial assets		..	..	7,742,219	7,742,219
Total		(1,459,583)	..	7,742,219	6,282,636

The fair value of monetary financial assets and financial liabilities, other than QTC borrowings, is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles. The fair value of the Queensland Future Fund is affected by the fair value of the underlying investments managed in the QIC Limited trust for QTC.

The fair value of QTC borrowings is notified by QTC. The fair value of loans and borrowings is calculated using discounted cash flow analysis and the effective interest rate. The fair value of financial assets and liabilities carried at amortised cost is disclosed below.

45 Financial instruments (continued)

(e) Fair value (continued)

Administered on behalf of the whole-of-government

Fair value

	2022		2021	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Receivables				
Loans and advances*	44,923	43,058	62,197	77,933
	44,923	43,058	62,197	77,933
Financial liabilities				
Interest bearing liabilities – Commonwealth borrowings*	29,996	29,436	41,400	53,300
Interest bearing liabilities – QTC borrowings	48,512,077	43,638,842	45,639,226	48,869,143
Total	48,542,073	43,668,278	45,680,626	48,922,443

* Carrying amount excludes amortised cost component of Loans and advances and Commonwealth borrowings.

46 Budget vs actual comparison

A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Cash Flows, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Certain responsibilities were transferred to Treasury as part of the machinery-of-government changes in 2021–22 (refer to note 2 (d)). The budget figures used in this comparison represent the Adjusted budget figures for 2021–22, as published in the latest (2022–23) Service Delivery Statements tabled in Parliament. The original budget figures used in the previous Service Delivery Statements no longer serve as a useful basis to compare to Treasury's actual results.

Explanation of major variances for Administered Statement of Comprehensive Income

Note 30 Taxes

The increase is mainly due to greater than expected duties ($1.876 billion) reflecting the strength of residential property transactions. Also contributing are greater than anticipated payroll tax ($476.535 million), gambling tax ($81.659 million) and land tax ($21.230 million).

Note 31 Royalties

The increase is in higher coal royalties ($5.195 billion) and petroleum royalties ($552.687 million) due to increased coal and oil prices.

User charges and fees

The decrease is mainly associated with the State Penalties Enforcement Registry fees of $20.109 million as a result of lower referrals.

Gain on fair value movement of other financial assets

The decrease is due to the reversal of fines and penalty debt receivable impairment budgeted as gains on sale/revaluation of assets but reported as part of losses on assets.

46 Budget vs actual comparison (continued)

Explanation of major variances for Administered Statement of Comprehensive Income (continued)

Note 35 Losses on assets

The increase mainly relates to $526.127 million in fair value movement associated with the Debt Retirement Fund. Also contributing is $101.069 million in higher than anticipated impairment and bad debt expenses from the Queensland Revenue Office.

Note 36 Grants and subsidies

The increase is mainly due to the unbudgeted Commonwealth HomeBuilder Grants of $238.255 million and higher than anticipated First Home Owners Grants of $20.278 million.

Transfers of Administered revenue to Government

Transfers of administered revenue to government represent revenues collected on behalf of the Queensland Government that are transferred to the Consolidated Fund. Refer to Notes 30,31 and user charges and fees explanation for further information.

Total administered comprehensive income

The decrease is due to $526.127 million in loss resulting from the decrease in the fair value of the Debt Retirement Fund, partially offset by $1.040 million in higher interest earned on the Debt Retirement Fund.

Explanation of major variances for Administered Statement of Financial Position

Note 39 Cash assets

The decrease is mostly attributable to the Treasury Offset Account of $2.816 billion. The purpose of the Treasury Offset Account is to act as an offset account against departmental and consolidated fund cash balances under the whole of Government cash offset arrangements to facilitate the management of whole of government cash position. As such, the balances in the Treasury Offset Account fluctuate from year to year depending on the balances of other accounts within the whole of government cash offset arrangements. This is partially offset by increased cash balance in Treasury administered account of $2.155 billion, mainly resulting from Commonwealth grants revenue received on 30 June 2022, cash revenue collected but not yet transferred to the Consolidated Fund by the Queensland Revenue Office at year end and unbudgeted appropriation payable.

Note 40 Receivables – current

The increase reflects increased land tax receivables of $327.068 million, GST revenue receivable of $128.093 million and payroll tax receivable of $47.198 million. This is partially offset by lower than expected royalty receivable of $95.898 million.

Note 42 Payables – current

The increase is primarily due to $144.406 million in unbudgeted appropriation payable to the Consolidated Fund.

Transfers to government payable

This reflects administered revenue earned but yet to be transferred to the Consolidated Fund at year end. The increase is mainly due to GST revenue received on 30 June 2022 but not transferred to the Consolidated Fund until July 2022 ($1.156 billion) and the increased receivables. Also contributing is increased cash revenue collected but not yet transferred to the Consolidated Fund by the Queensland Revenue Office at year end.

Other liabilities

The increase mainly reflects the level of unearned revenue relating to transfer duty, land tax and royalties.

Note 43 Interest-bearing liabilities

The decrease mainly reflects a reduction in whole of government borrowings.

47 Related entity transactions with other Queensland Government controlled entities

The references to note numbers in the following disclosures may include other items to those listed below that are not classified as material or significant related entity transactions.

Controlled transactions

Note Reference	Description of Related entity transactions
Note 3: Appropriation revenue and Equity	Treasury's primary source of funding for the controlled books are appropriation revenue and equity injections from the State's Consolidated Fund.
Note 4: User Charges and Fees	Treasury received revenue from the Department of Education for provision of data for education planning services ($1.454 million) and QGrants system support services ($0.414 million), from Queensland Health for preventative health surveys ($0.911 million) and Department of Employment, Small Business and Training for employment related data collection ($0.383 million) and QGrant system support services ($0.434 million).
	Treasury received reimbursement from QIC Limited for costs incurred for the Queensland Future Fund establishment costs and rating agency fees ($1.376 million).
	Treasury received revenue from the Motor Accident Insurance Commission and Nominal Defendant for corporate support ($1.351 million), ICT services ($0.600 million) and actuarial services ($0.606 million).
Statement of Comprehensive Income: Grants and contributions	Treasury received contributions from Department of Education, Queensland Health and DTMR ($0.3 million each) towards the whole of government banking and financial project procurement process.
Note 9: Supplies and Services	Treasury paid the Department of Energy and Public Works for management of accommodation leases ($21.199 million) and project management fees ($0.234 million), Queensland Shared Services for business service fees ($1.387 million) and Smart Services Queensland for outsourcing of State Penalties Enforcement Registry contact centre ($5.749 million).
	Treasury paid corporate support services ($0.528 million) to DSDILGP and project delivery costs to DTMR ($2.149 million) and QPS ($0.129 million) to meet requirements of the Fines Modernisation Program (Stage 1).
	Treasury paid legal fees ($0.230 million) to the Department of Justice and Attorney-General for professional services rendered in relation to Queensland Revenue Office's legal cases, judicial review and other legal advice.
Note 10: Grants and Subsidies	Treasury paid grants to the Gold Coast Waterways Authority for implementation of Spit Master Plan ($7.284 million), Department of Environment and Science for Financial Provisioning Scheme ($0.195 million). Treasury has also paid the Department of Premier and Cabinet for its contribution to the Chief Operating Officer role in Queensland Health ($0.165 million), has paid DSDILGP for its contribution to the International Industry Expo Land Forces 2022 ($0.100 million) and the Department of Seniors, Disability services and Aboriginal and Torres Strait Islander Partnerships for its contribution towards the Redress scheme ($0.122 million).
Note 12: Other expenses	Treasury paid to the Queensland Audit Office audit fees relating to the 2021–22 financial statements.
	QTC provides company secretariat and accounting services to QTH. A fee of $0.367 million was charged for these services.
Note 14: Cash and cash equivalents	QTH invested funds with the QTC Cash Fund as at 30 June 2022 totalled $101.2 million and interest revenue net of management fees received during the year totalled $0.494 million.
Note 15: Receivables	Treasury pays the Department of Energy and Public Works for project delivery costs and reimbursement cost of project work ($5.794 million) relating to a private entity, with the payments made to be fully recovered via a finance lease receivable from the private entity.
Note 16: Other financial assets	Treasury holds various investments managed by QIC Limited which includes the BDF, BQBIF, Repluca and FP Fund. During the year the Dalrymple Bay Coal Terminal Investment (part of BQBIF) was transferred to Consolidated Fund ($118.501 million).
Note 21: Payables	Treasury has outstanding payables with QPS ($1.655 million) and DTMR ($0.899 million) in relation to the post-MoG transactions.
Note 22: Interest bearing liabilities	QTH has loan balances outstanding to QTC as at 30 June 2022 of $101.300 million with interest expense and fees totalling $4.900 million capitalised against these loans.

47 Related entity transactions with other Queensland Government controlled entities (continued)

Administered transactions

Note Reference	Description of Related entity transactions
Note 30: Taxes	Treasury's Queensland Revenue Office is responsible for administering local government tax equivalents under the *Local Government Act 2009*. Commercialised business units that are in scope under these administrative arrangements are subject to payroll tax, land tax, vehicle registration duty, insurance duty and transfer duty ($216.561 million).
Note 31: Royalties	Treasury administers collection of royalties ($14.714 million) from GOC's.
Note 32: Appropriation revenue and Statement of Comprehensive Income - Transfers of administered revenue to government	Treasury receives appropriation revenue and equity injections for investments provided in cash via the State's Consolidated Fund. State revenue collection is transferred to the Consolidated Fund. Equity withdrawal for borrowing requirements is also paid to the Consolidated Fund.
Note 33: Other revenue	Treasury administers the collection of competitive neutrality fees from GOC's under the National Competition Policy.
Note 36: Grants and Subsidies	Treasury administers grant payments to statutory bodies including TIQ ($25.304 million) and Queensland Competition Authority ($4 million).
Note 38: Other expenses	Treasury administers the Queensland Government Insurance Fund, which receives premiums from and pays claims to member agencies relating to a full suite of insurance lines.
	Treasury paid land valuation fees ($5.052 million) to the Department of Resources.
Note 39: Cash assets	Treasury operates a whole of government offset arrangement, which includes the Treasury Offset Bank Account and a Working Capital Facility. Note 39 outlines the key terms and conditions of these arrangements which covers advances and principal repayments from the General Government Debt Pool disclosed in Note 43. This include advances from GOC's under the GOC cash offset arrangements.
Note 40: Receivables	Treasury administers the provision of State and Commonwealth loans ($1.324 million) for NDRRA to Queensland Rural and Industry Development Authority.
Note 41: Other financial assets	Treasury holds investment in the Queensland Future Fund. The DRF, a sub-fund of the Queensland Future Fund holds FRN with QTC.
Note 43: Interest bearing liabilities	Treasury pays interest for borrowings it undertakes with QTC.

48 Transfer payments

Payments under the Intergovernmental Agreement on Federal Financial Relations are made from the Commonwealth Treasury to the state and territory treasuries. These payments represent Specific Purpose Payments, National Partnership Payments and general revenue assistance.

While most of these payments are receipted and paid out to departments via appropriation funding, some payments are passed on directly to the relevant entities. These payments occur where:

- the payment is ultimately for a third party, for example, non-government schools
- the payment is a reimbursement of expenditure incurred by the State after invoicing the Commonwealth, or
- the agreement with the Commonwealth requires the payment to be paid into an interest-bearing account held by the final recipient of the funding.

48 Transfer payments (continued)

Amounts received from the Commonwealth for direct payments to the following entities in 2021–22 totalled $3.683 billion (2020–21: $3.194 billion):

- Department of Education - quality schools funding, $3.634 billion (2021: $3.175 billion)
- Department of Agriculture and Fisheries - pest and disease preparedness and response programs, $48.889 million (2021: $18.622 million)

49 Agency transactions

Treasury currently acts as an agent and processes grant payments on behalf of a number of Queensland government departments. These transactions do not form part of Queensland Treasury's accounts and are instead reported by the various departments. For the 2021–22 financial year the total value of grants paid was $270.631 million (2021: $258.706 million). The increase of $11.925 million in 2021-22 is mainly due to increase in grants paid on behalf of the Department of Education by $16.742 million offset by a decrease in Back to Work grants paid on behalf of the Department of Employment, Small Business and Training by $3.924 million.

Australian Retirement Trust operates the Employers Contribution bank account on behalf of Treasury, in accordance with the *Financial Accountability Act 2009*. The account is utilised to provide for the whole-of-government Long Service and Annual Leave Central Schemes and Employer Superannuation Contributions. The account balance as at 30 June 2022 was $0.958 million (2021: $0.711 million), which represents money in transit to be identified as owing to either the Consolidated Fund and/or other Government Agencies.

50 Queensland Government e-merchant program

Treasury acts as a custodian over the settlement account (held by the third party, Cuscal) for the Queensland Government's pre-paid debit card program.

At 30 June 2022, the account has nil balance as a result of the termination of the agreement dated 14 February 2022. The balance in 2020–21 was $0.335 million which represents the unspent funds advanced by the agencies.

Accounting policy

Treasury administers certain transactions and balances in a trust or fiduciary capacity such as the settlement account held by the third party Cuscal for the Queensland Government e-merchant program.

51 Trust transactions and balances

Treasury also acts as an agent in the collection and distribution of unpaid infringement fines and court ordered monetary amounts for various external parties including local government bodies, universities and individuals.

	2022 $'000	2021 $'000
Opening balance	14,049	14,157
Collections:		
Cash receipts	41,602	39,922
Debtor overpayments	(792)	(171)
Cash not receipted	(116)	356
Cash not banked	4	(4)
Other	(109)	(155)
Distributions to principals	(42,900)	(40,056)
Balance 30 June	11,738	14,049

As Treasury performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements but are disclosed in these notes for the information of users. While these transactions and balances are in the care of Treasury, they are subject to Treasury's normal system of internal control and external audit by the Auditor-General (notes 48–51).

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

(a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

(b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Queensland Treasury and the consolidated entity for the financial year ended 30 June 2022 and of the financial position of Queensland Treasury and the consolidated entity at the end of that year; and

The Under Treasurer, as the Accountable Officer of the Department, acknowledge(s) responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

L. Allen	D. Brooks
Under Treasurer	Chief Finance Officer
25 August 2022	25 August 2022

Independent Auditor's report

To the Accountable Officer of Queensland Treasury

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Treasury (the parent) and its controlled entity (the group).

In my opinion, the financial report:

a) gives a true and fair view of the parent's and group's financial position as at 30 June 2022, and their financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statements of financial position and statements of assets and liabilities by major departmental services as at 30 June 2022, the statements of comprehensive income, statements of changes in equity, statements of cash flows and statements of comprehensive income by major departmental services for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the parent and group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Completeness of Tax revenue ($16.639 billion as at 30 June 2022) and Royalties ($8.877 billion as at 30 June 2022)

Refer to notes 30 and 31 in the financial report

<table>
<tr><th>Key audit matter</th><th>How my audit procedures addressed this key audit matter</th></tr>
<tr><td>Taxes and royalties are material balances of the department. The self-assessed nature of certain taxes, including duties ($8.304 billion) and payroll tax ($5.047 billion), and royalties increases the risk over completeness of taxes and royalties collected and accrued, as reported in the administered statement of comprehensive income.

Completeness of revenue recognised is dependent on whether:
• all required assessments have been lodged by self-assessors
• the self-assessed taxes and royalties have been calculated accurately including ensuring:
    • all assessable transactions and balances are included
    • the assessable transactions and balances are reported at appropriate amounts.

The department verifies taxpayer compliance using a risk-management approach, to ensure taxpayers are paying the correct amount of taxes and royalties.

The department has implemented an annual compliance program to address this risk.</td><td>My procedures included, but were not limited to:
• Testing the controls within the revenue management system to confirm the accuracy of tax and royalty calculations.
• Reviewing outcomes of Queensland Treasury’s compliance programs for taxes and royalties and assessing the extent of historical recoveries to determine the impact on the overall revenue.
• Performing the following analytical review over taxes and royalties by:
    • analysing and corroborating the year-on-year trends at business partner level to identify any unusual movements/relationships
    • comparing the trends in external data to the movement in taxes and royalties, and corroborating any unusual movements/relationships
    • analysing and corroborating the year-on-year trends between actual and budgeted taxes and royalties.
• Our testing also included the following procedures over payroll tax measures implemented as part of the government’s response to COVID-19:
    • assessing the controls over the payment of tax refunds to eligible taxpayers
    • assessing the extent to which deferral of payroll tax has impacted payroll tax receivable as at 30 June 2022, including assessment of receivables for possible impairment.</td></tr>
</table>

Impairment of State Penalties Enforcement Registry (SPER) Fines Receivable

(SPER fines revenue $393.9 million for 2021–22; receivables of $1.117 billion as at 30 June 2022)

Refer to notes 33, 35 and 40 in the financial report

Key audit matter	How my audit procedures addressed this key audit matter
SPER debts are impaired on consideration of the likelihood of collectability with reference to historical activity for the specific debt types being assessed. Management judgement is required in assessing the extent to which debts may be impaired.	My procedures included but were not limited to: • Assessing management's controls over SPER collection and finalisation rates of the referred debts as these impact the determination of the long-term debt finalisation, withdrawal and recall rates. • Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness. • Recalculating the long-term debt finalisation, withdrawal and recall rates to validate the mathematical accuracy of the model. • Recalculating the impairment charge by applying the long-term debt finalisation, withdrawal and recall rates to the debt pool and comparing the impairment charge to the general ledger. • Assessing the extent to which management's assessment of impairment reflects current economic circumstances, including the continuing impact of COVID-19.

Responsibilities of the accountable officer for the financial report

The accountable officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the accountable officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The accountable officer is also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the parent or group or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the department's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the Accountable officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the accountable officer, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Statement

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 30 June 2022:

a) I received all the information and explanations I required.

b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the department's transactions and account balances to enable the preparation of a true and fair financial report.

26 August 2022

B.P. Worrall

Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane