

Our financial position explained

Queensland Treasury's financial statements fall into 2 categories:

- Administered – the funds it administers on behalf of the government
- Controlled – the revenue, expenses, assets and liabilities it uses to conduct its business as a department.

Analysis

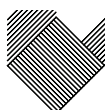
In 2021–22, Queensland Treasury administered \$49.234 billion of revenue and \$7.220 billion of expenses on behalf of the state. This excludes administered item revenue, which is appropriation revenue received from the Consolidated Fund to meet administered expenses.

The largest single source of administered revenue was grants and other contributions of \$22.418 billion, followed by state taxes of \$16.639 billion.

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

Treasury also continued to administer the HomeBuilder Grant on behalf of the Australian Government and the First Home Owners' Grant on behalf of the state in 2021–22.

Treasury's controlled revenue consists principally of Parliamentary appropriations. In 2021–22, appropriation revenue allocated to services was \$333.133 million (compared with \$304.503 million in 2020–21).



Administered

Queensland Future Fund

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

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

QIC has been appointed as investment manager to implement the investment objectives set by SIAB for the DRF portfolio.

Under the DRF fixed rate note arrangement, the QFF DRF transfers any received contributed assets to QTC. On receipt, QTC transfers the contributed assets to QIC managed trusts. In consideration of the back-to-back transfers, QTC increases the value of the QFF DRF fixed rate note to Queensland Treasury, and QIC issues units in the QIC trusts (referred to as the DRF asset portfolio) to QTC. No contributions were made to the DRF in the 2021–22 financial year.

The value of the DRF asset portfolio as at 30 June 2022 is \$7.718 billion compared to \$7.742 billion at 30 June 2021.

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

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

	30 June 2022	30 June 2021
	\$'M	\$'M
Defensive assets		
Cash	1,095.7	2,731.1
Fixed interest	511.4	584.5
Growth assets		
Equities	2,969.90	2,116.6
Diversified alternatives	532.6	-
Unlisted assets		
Infrastructure	1,748.0	1,605.4
Private equities	403.8	359.6
Real estate	456.7	345.0
	7,718.1	7,742.2

Only the Treasurer has the power to authorise or make payments from QFF DRF under section 10 of the *QFF Act 2020*. Payments from the DRF may be made only for repayment of the state's debt and paying fees or expenses relating to the administration of the fund. No withdrawals were made from the DRF for debt repayment in 2021–22.



Administered

Queensland Government Insurance Fund

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

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

The estimated outstanding claims liability as at 30 June 2022 was \$3,623 million, compared to \$3,501 million at 30 June 2021. Key components of the movement were an increase in the provision for abuse claims and a higher than expected cost for 2021–22 incidents following the 2022 flood event, partially offset by a reduction due to a higher real discount rate. Investments intended to meet the government's outstanding claims liabilities are held by Queensland Treasury Corporation within its long-term assets. The fund reinsurance program has been in place since 1 November 2011 and is subject to annual renewal.

QGIF's outstanding claims liability and associated investments are reported in the government's annual Report on State Finances.

QGIF financial summary	30 June 2022 \$M	30 June 2021 \$M
Assets under investment	1,827.9	1,723.1
Provision for future liabilities	3,622.5	3,500.7
Premiums collected	234.0	218.2
Net claims paid	179.1	207.8
Fund operating expenses	9.4	6.8
Reinsurance expense	35.2	31.2

Queensland Treasury administered revenue

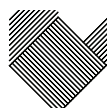
	2021–22 Actual \$B	2020–21 Actual \$B
Commonwealth payment	\$22.42	\$22.77
State taxes, royalties and other state revenue	\$26.82	\$16.18

State taxes, royalties and other state revenue 2021–22

- Duties \$8.30B
- Payroll tax \$5.05B
- Land tax \$1.64B
- Gaming taxes and other taxes \$1.53B
- Royalties \$8.88B
- Fines, penalties and levies \$0.51B
- Other state revenue \$0.91B

Total administered expenses by category 2021–22

- Annual Leave Central Scheme reimbursements \$2.10B
- Superannuation benefit payments \$1.93B
- Finance/borrowing costs \$1.23B
- Losses on assets \$0.69B
- Long Service Leave Central Scheme reimbursements \$0.50B
- Grants and subsidies \$0.42B
- Supplies and services \$0.13B
- Other expenses \$0.23B



Queensland Treasury

Administered Statement of Comprehensive Income

for the year ended 30 June 2022

	Actual 2021–22 \$'000	Actual 2020–21 \$'000
Income from operations		
Revenue		
Grants and other contributions ¹	22,418,057	22,771,866
Taxes ²	16,639,053	13,075,153
Royalties ³	8,876,649	2,486,701
Appropriation revenue	6,644,614	6,652,311
Interest revenue ⁴	511,008	33,489
User charges and fees	38,990	43,088
Other revenue ⁵	750,150	539,591
Gain on fair value movement of other financial assets ⁶	–	6,217,456
Total income from operations	55,878,521	51,819,655
Expenses from operations		
Finance/borrowing costs ⁷	1,226,311	1,332,989
Losses on assets ⁸	685,040	11,549
Grants and subsidies ⁹	417,645	904,224
Supplies and services	128,075	132,769
Superannuation benefit payments ¹⁰	1,926,874	1,732,347
Long service leave central scheme reimbursements ¹⁰	501,919	380,642
Annual leave central scheme reimbursements ¹⁰	2,103,001	1,852,278
Other expenses ¹¹	230,931	261,243
Total expenses from operations	7,219,796	6,608,041
Operating result before transfers to government	48,658,725	45,211,614
Transfers of administered revenue to government¹²	48,682,924	38,967,896
Total administered comprehensive income¹³	(24,199)	6,243,718

- Decrease is mainly due to decreases in national partnership payments for capital projects resulting from timing of payments for roads infrastructure, in disability services grants reflecting additional back payment from the DisabilityCare Australia Fund in 2020–21 and in payments relating to the HomeBuilder Grants. This is partially offset by increases in GST revenue driven by Queensland's increased share of GST pool, in schools funding reflecting indexation of the Quality Schools funding agreement and in national partnership payments for recurrent projects mainly for temporary COVID-19 business support grant program.
- Increase mainly relates to transfer duties reflecting the strength in the property market, payroll tax driven by growth in employment and wages, duty on insurance driven by growth in population, uptake levels and premium rises, and land tax driven by the impact of land value growth in line with current strength of residential property market.
- Increase is mainly due to increased coal, petroleum and LNG royalties driven by higher prices.
- Increase mainly relates to interest earned on the Queensland Future Fund – Debt Retirement Fund.
- Increase mainly relates to mobile camera fines as a result of increased volume of referrals and the impact of machinery-of-government transfer of Fine Administration function. Also contributing are the commencement of mobile phone fines in 2021–22.
- Decrease relates to gains recognised in 2020–21 associated with the transfer of 75 per cent of the Queensland Titles Registry and the Aurizon shares to the Queensland Future Fund – Debt Retirement Fund.
- Decrease mainly relates to interest on the government debt pools.
- Increase is mainly due to the decrease in fair value of Queensland Future Fund – Debt Retirement Fund and the increase in bad debts written off for taxes and penalty debt as a result of the Debt Recovery and Compliance Program framework. Also contributing is an increase in impairment expenses resulting from additional impairment recognised relating to fines and penalty debts transferred in as part of Fines Modernisation Program and a change in expected credit loss estimate in 2021–22.
- Decrease mainly relates to the payments to Queensland Reconstruction Authority in 2020–21, decreased payroll tax and land tax refunds relating to COVID-19 relief measures and decreased First Home Owners' Grants due to decrease in both value and volume of payments.
- Increase is mainly due to increased Annual Leave Central Scheme and Long Service Leave Central Scheme reimbursements and increased employer superannuation contribution payments.
- Decrease mainly relates to the Queensland Government Insurance Fund claims.
- Increase is in line with increase in administered revenue received (excluding appropriation).
- 2021–22 operating loss relates to the Queensland Future Fund – Debt Retirement Fund as a result of decreased fair value which is partially offset by capitalised interest. 2020–21 operating surplus also relates to the Queensland Future Fund – Debt Retirement Fund mainly due to the gains on transfers of 75 per cent of the Queensland Titles Registry and the Aurizon shares.

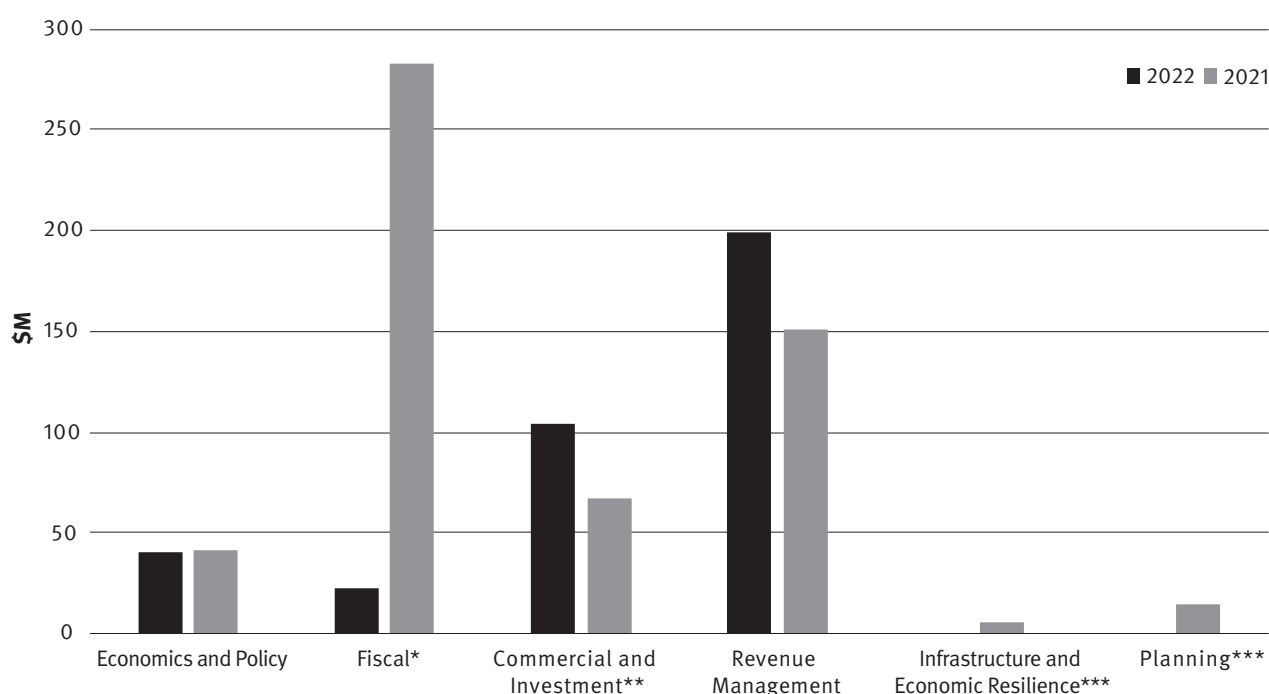


Controlled

Total controlled expenses by category 2021–22

- Employee expenses \$142.69M
- Supplies and services \$123.21M
- Grants and subsidies \$66.18M
- Losses on assets \$13.89M
- Depreciation and amortisation \$6.78M
- Interest expense \$0.62M
- Other expenses \$4.25M

Total expenses by service 2021–22



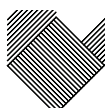
*Total expenses for Fiscal in 2021 includes the loss recognised on the transfer of investment securities to the Queensland Future Fund - Debt Retirement Fund

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

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

Queensland Treasury controlled key financial performance indicators 2021–22

	2021–22 Actual \$M	2020–21 Actual \$M
Net cost of services funded by appropriation	333.10	304.50
State funding as percentage of total income	78%	51%
Fixed and intangible assets employed	161.84	29.02
Net asset	496.29	421.10



Queensland Treasury

Controlled Statement of Comprehensive Income

for the year ended 30 June 2022

	Actual 2021-22 \$'000	Actual 2020-21 \$'000
Income from operations		
Appropriation revenue ¹	333,133	304,503
User charges and fees ²	79,067	59,249
Grants and contributions ³	900	23,333
Interest revenue	2,349	1,693
Dividends revenue ⁴	-	205,973
Other revenue	4,229	3,940
Total revenue	419,678	598,691
Gain on sale of assets/fair value movement of investments ⁵	5,752	1,145
Total income from operations	425,430	599,836
Expenses from operations		
Employee expenses ⁶	142,686	138,539
Supplies and services ⁷	123,213	116,651
Grants and subsidies ⁸	66,181	68,860
Losses on assets ⁹	13,893	224,771
Depreciation and amortisation ¹⁰	6,784	4,523
Interest expense	623	45
Other expenses	4,245	4,025
Total expenses from operations	357,625	557,414
Operating result for the year	67,805	42,422
Other comprehensive income		
Items that will not be reclassified to operating result		
Increase in revaluation surplus ¹¹	2,395	1,078
Total for Items that will not be reclassified subsequently to operating result	2,395	1,078
Total comprehensive income/ (loss)¹²	70,200	43,500

- 1 Increase mainly relates to net impact of machinery-of-government (MoG) transfers during 2020-21 and 2021-22, increased funding for Debt Recovery and Compliance Program, Fines Modernisation Program and Visy Project and funding brought forward for write-off of software asset. This is partially offset by transfers between output and equity funding in line with changes in fair values of investments, state's contribution towards the Resources Community Infrastructure Fund in 2020-21 and funding for one-off costs in 2020-21 associated with Project Maroon facilitation fees.
- 2 Increase mainly relates to Financial Provisioning Scheme fund contributions and assessment fees. This is partially offset by the impact of MoG transfer out of Planning in 2020-21 and decrease in recoveries relating to Queensland Future Fund establishment costs.
- 3 Decrease mainly relates to contributions from participating Mineral Resource Industry parties towards the Resources Community Infrastructure Fund in 2020-21.
- 4 Decrease is due to in-specie dividend received from Queensland Treasury Holdings relating to the investment securities in 2020-21.
- 5 Increase relates to net increase in fair value of investments and gains on sale of Narangba properties. This is partially offset by gain on transfer of net assets of Queensland Productivity Commission to Treasury in 2020-21.
- 6 Increase mainly relates to the Debt Recovery and Compliance Program, HomeBuilder Grant administration and impact of annual wage increases. This is partially offset by the net impact of MoG transfers during 2020-21 and 2021-22.
- 7 Increase is mainly due to costs associated with the Debt Recovery and Compliance Program, Fines Modernisation Program, collections initiatives and establishment of Housing Investment Fund. This is partially offset by decreased costs for Transformation Program and Queensland Future Fund project as well as one-off expenses in 2020-21 relating to Project Maroon facilitation fee.
- 8 Decrease is mainly due to the payment made in 2020-21 for the transfer out of Resource Community Infrastructure Fund and decreased grants payments by Financial Provisioning Scheme, partially offset by increased payments for grant programs managed by Commercial and Investment, including the Jobs and Regional Growth Fund, Spit Master Plan and Advance Queensland Industry Attraction Fund.
- 9 Decrease mainly relates to loss recognised on the transfer of Aurizon shares to Queensland Future Fund – Debt Retirement Fund and net loss on fair value movement of investments in 2020-21. This is partially offset by the write-off of intangible assets due to change from perpetual to subscription licences in 2021-22.
- 10 Increase is mainly due to depreciation associated with the South Brisbane property acquired as a future site for the temporary International Broadcast Centre for the Brisbane 2032 Olympic and Paralympic Games. This is partially offset by decreased amortisation costs due to the write-off of intangible assets and assets transferred out as a result of MoGs.
- 11 Increase is due to the fair value increase relating to Narangba properties before they were transferred out or sold.
- 12 Operating surpluses primarily relate to the Financial Provisioning Scheme.



Controlled

Queensland Treasury Controlled Statement of Financial Position as at 30 June 2022

	Actual 2021–22 \$'000	Actual 2020–21 \$'000
Assets		
Cash and cash equivalents ¹	388,750	210,749
Receivables ²	70,242	68,499
Other financial assets ³	163,952	263,190
Other assets ⁴	10,717	7,375
Land held for sale ⁵	-	22,000
Property, plant and equipment ⁶	160,166	11,706
Intangibles ⁷	1,677	17,317
Total assets	795,504	600,836
Liabilities		
Payables ⁸	294,878	175,239
Accrued employee benefits	4,339	4,498
Total liabilities	299,217	179,737
Net assets	496,287	421,099
Total equity	496,287	421,099

1 Increase mainly relates to increased cash held by the Financial Provisioning Scheme, increased deferred appropriation payable and funding received for the Backing Queensland Investment Fund yet to be invested. This is partially offset by increased equity injection receivable and decreased equity withdrawal payable.

2 Increase mainly relates to increased equity injection receivable, partially offset by decreased finance lease receivable.

3 Decrease mainly relates to the transfer of Dalrymple Bay Coal Terminal Investment to the Consolidated Fund, partially offset by increased Financial Provisioning Scheme investments in QIC Cash Enhanced Fund.

4 Increase is mainly due to increased prepayments for products and services, partially offset by a decrease in prepaid salaries.

5 Decrease mainly relates to the transfer out of land held for sale at 200 Turbot Street, Brisbane as part of a MoG transfer.

6 Increase mostly relates to the purchase of South Brisbane property as a future site for the temporary International Broadcast Centre for the Brisbane 2032 Olympic and Paralympic Games. This is partially offset by depreciation associated with the South Brisbane property and the sale and transfer out of land and buildings during 2021–22.

7 Decrease is mainly due to the write-off of intangible assets as a result of changing from perpetual to subscription licences and amortisation recognised during 2021–22.

8 Increase mainly due to increases in deferred appropriation payable and payables to the Environmental Authority holders relating to Cash Surety held under the Financial Provisioning Scheme. This is partially offset by decreased equity withdrawal payable and grants payable.

