

Under Treasurer's report

I am pleased to present Queensland Treasury's Annual Report for 2018–19; a year in which Treasury continued to shine as the pre-eminent economic, fiscal and commercial advisor to the Queensland Government.

2018–19 saw softening international and domestic conditions, presenting fiscal challenges that resulted in an easing of economic growth compared with the previous financial year. Despite this, the net operating surplus for 2018–19 is almost \$700 million higher than forecast in the 2018–19 Budget. Treasury takes a prudent and responsible approach to forecasting revenue outcomes to ensure the government can deliver on its fiscal principles.

Natural disasters also had a devastating impact on Queensland communities and businesses, with the recovery costs and damage to public assets estimated at \$1.3 billion in 2018–19. The most damaging event of the past year was the North and Far North Queensland Monsoon Trough in February 2019. Treasury supported the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships in her engagement with the insurance

industry, which called on insurers to treat affected individuals and businesses with compassion. The Deputy Premier hosted a roundtable in Townsville with the insurance industry, local businesses and community leaders that led to more direct engagement between the insurance industry and small business owners over insurance concerns. It also achieved increased promotion of the North Queensland Flood Register, which lists licensed contractors available to undertake repairs.

Treasury is driven by the goal of improving the lives of Queenslanders today, and to increase their future prosperity. One of our principal tasks is preparing the Queensland Budget, and for the 2019–20 Budget the government made 'Backing Queensland Jobs' its central tenet. A \$49.5 billion infrastructure program over the next four years reinforces the government's commitment to creating jobs. The 2019–20 capital program of \$12.9 billion is estimated to directly support 40,500 jobs across the State. Almost 60 per cent of the 2019–20 capital works, supporting an estimated 25,500 jobs, will be spent outside the Greater Brisbane area.

This committed investment in infrastructure was made possible by the sound fiscal management which Treasury delivers. As a result, net operating surpluses are projected in each year of the forward estimates.

During the past year, Treasury also worked collaboratively with government agencies, other levels of government, and industry and community stakeholders to deliver on the government's agenda for increasing job opportunities and improved services. Treasury was instrumental in supporting the state's continuing transition to the National Disability Insurance Scheme with strategic policy and financial advice, in partnership with relevant agencies.

Treasury takes a lead role in managing and coordinating intergovernmental relations, including national funding agreements, and securing a fair share of GST revenue for Queensland. Treasury led the state's response to the Commonwealth Grants Commission's five-yearly review of the GST distribution system.

In 2018–19 Treasury continued to provide high quality advice and input into energy, water, transport and competition policy, to support households and businesses and drive efficiency and productivity in these key sectors. A major achievement was the establishment of a new renewable energy government-owned corporation, CleanCo Queensland Limited, to own, operate and grow a portfolio of low and zero emission electricity generation assets for Queenslanders.



Cross River Rail also moved a step closer with the appointment of preferred proponents for the major works packages in April 2019, which was followed by the completion of contracts for the tunnels, stations and development package on 30 June 2019. Contracts for the remaining works packages will be executed in early 2019–20.

Major milestones were realised this year for the City Deals program. Treasury continued to work with the Australian Government and Townsville City Council to implement the Townsville City Deal, Australia's first. A Statement of Intent was signed by all three levels of government for a South East Queensland City Deal, a significant achievement in what will be Australia's largest City Deal to date.

We also bring our policy, financial and commercial acumen to address complex social and environmental issues. The Build-to-Rent Pilot Project, a partnership with the private sector to deliver affordable rental housing, is underway. This project is designed to help ease housing stress for eligible low-to-moderate income earners who work in the inner city but cannot afford inner city rents.

A long-term, lasting solution to the issue of Queensland's abandoned mine legacy was created with the Financial Provisioning Scheme, which will improve environmental and mine rehabilitation while reducing the financial risk to the state associated with the resource sector.

Treasury also assumed leadership of the government's response to the complex issue of native title compensation. Treasury is developing a framework that will be fair to native title holders, consistent across claims, and achieve settlement of compensation on 'just terms'.

To support funding for government services, Treasury administers a revenue base of around \$16.9 billion. In 2018–19 the Office of State Revenue continued to adopt client-centric practices for revenue collection, compliance, debt recovery and enforcement. This includes adopting more online tools, progressing legislative improvements, fair and efficient enforcement strategies, and utilising behavioural insights and strategies to inform debt recovery.

I would also like to acknowledge Mr Jim Murphy, my predecessor as Under Treasurer. Jim served with distinction from June 2015 until September 2018, before returning to New South Wales to take up new career opportunities. On behalf of Treasury I would like to thank Jim for his stewardship of the Queensland economy. I would also like to thank Ms Mary-Anne Curtis, Acting Under Treasurer from the time of Jim's departure until my commencement in February 2019. Mary-Anne is a distinguished public sector leader and has returned to her role as Director-General of the Department of Employment, Small Business and Training.

Our work in the year ahead will continue to be guided by an inclusive, strategic economic narrative for Queensland that delivers further outcomes for the community.

This is what Queensland Treasury does: creating modern, innovative, sustainable solutions that meet a range of economic, environmental and social needs for Queenslanders.



Frankie Carroll
Under Treasurer