

2018–2019 ANNUAL REPORT



23 September 2019

The Honourable Jackie Trad MP
Deputy Premier, Treasurer and Minister for Aboriginal and
Torres Strait Islander Partnerships

1 William Street
Brisbane Qld 4000

Dear Deputy Premier

I am pleased to submit for presentation to the Parliament the Annual
Report 2018–2019 and financial statements for Queensland Treasury.

I certify that this annual report complies with:

- + the prescribed requirements of the *Financial Accountability Act 2009*
and the *Financial and Performance Management Standard 2019*, and
- + the detailed requirements set out in the annual report requirements
for *Queensland Government agencies*.

A checklist outlining the annual reporting requirements is provided
at page 116 of this annual report.

Yours sincerely



Frankie Carroll
Under Treasurer

Translating and interpreting assistance



The Queensland Government is committed to providing
accessible services to Queenslanders from all cultural and
linguistic backgrounds. If you have difficulty in understanding the annual
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arrange an interpreter to effectively communicate the report to you.

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About our annual report

The Queensland Treasury Annual Report 2018–19 is an integral part of
our corporate governance framework and one of the main tools we use
to ensure we are accountable to the Queensland Parliament and the
community about our activities. This report details our achievements,
performance and financial position for the 2018–19 financial year.
It aligns with the *Queensland Government's Our Future State: Advancing
Queensland's Priorities*, the Queensland Treasury Strategic Plan
2018–2022 and our Service Delivery Statement 2018–19. It also
provides information on our future direction, people management
and corporate governance processes.

Find our report online

This report is available at www.treasury.qld.gov.au/publications-resources/

For enquiries about this annual report, contact the Principal
Communication Officer, Strategic Government Communications on (07) 3035 3532
or via communications@treasury.qld.gov.au.

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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

Our performance

Economic and fiscal coordination

Service standards Fiscal coordination	Notes	2018–19 Target/ estimate	2018–19 Estimated actual
<i>Effectiveness measures</i>			
Target ongoing reduction in Queensland's relative debt burden, as measured by the General Government debt-to-revenue ratio		56%	54%
Target net operating surpluses to ensure any new capital investment in the General Government sector is funded primarily through recurrent revenues rather than borrowings		60%	79%
Manage the capital program to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging		Met	\$6.06B
Maintain competitive taxation – own source revenue to remain at or below 8.5% as a proportion of nominal gross state product		8.2%	8.3%
Target full funding of long-term liabilities such as superannuation and WorkCover in accordance with actuarial advice		Met	Met
Maintain a sustainable public service by ensuring overall growth in full time equivalent employees, on average over the forward estimates, does not exceed population growth		1.7%	1.68%
<i>Efficiency measure</i>			
Average cost per hour of advice and support output	1	\$131.18	\$109.29
Service standards Economic policy, analysis and forecasting	Notes	2018–19 Target/ estimate	2018–19 Estimated actual
<i>Effectiveness measure</i>			
Stakeholder and customer satisfaction with Economic Strategy outputs		80%	85%
<i>Efficiency measure</i>			
Average cost per hour of advice and support output	1	\$118.09	\$102.53

Service standards Statistical services	Notes	2018–19 Target/ estimate	2018–19 End of financial year actual
<i>Effectiveness measure</i>			
Stakeholder and customer satisfaction with Queensland Government Statistician outputs (rated satisfied or very satisfied)		95%	100%
<i>Efficiency measure</i>			
Average cost per hour of advice and support output		\$98.65	\$95.81

End-of-year variance notes

1. The average cost per hour of advice and support output is calculated using 2018–19 end-of-year actual information.



Agency performance

Service standards	2018–19 Target/ estimate	2018–19 End of financial year actual
<i>Effectiveness measure</i>		
Overall customer satisfaction with policy and performance advice provided	75%	85%
<i>Efficiency measure</i>		
Average cost per hour of advice and support output	\$106.81	\$98.79

Commercial services

Service standards Commercial projects	2018–19 Target/ estimate	2018–19 End of financial year actual
<i>Effectiveness measure</i>		
Overall customer satisfaction with advice and support provided	80%	85.7%
<i>Efficiency measure</i>		
Average cost per hour of project services	\$127.98	\$121.63
Service standards Investment programs	2018–19 Target/ estimate	2018–19 End of financial year actual
<i>Effectiveness measure</i>		
Overall customer satisfaction with advice and support provided	80%	80%
<i>Efficiency measure</i>		
Average cost per hour of advice and support output	\$108.34	\$101.12
Service standards Shareholder services	2018–19 Target/ estimate	2018–19 End of financial year actual
<i>Effectiveness measure</i>		
Overall customer satisfaction with advice and support provided	80%	76%
<i>Efficiency measure</i>		
Average cost per hour of advice and support output	\$106.46	\$96.56

Our performance

Commercial services

Service standards Financial provisioning scheme	Notes	2018–19 Target/ estimate	2018–19 End of financial year actual
Effectiveness measure			
Overall customer satisfaction with advice and support provided	1,3	75%	Discontinued measure
Efficiency measure			
Average cost per hour of advice and services	2,3	\$110.14	Discontinued measure

End-of-year variance notes

- 1 The service standard has been replaced by a new measure 'Overall stakeholder experience in using processes associated with the Financial Provisioning Scheme'. This is due to the change in focus to reflect the experience that customers have when interacting with the government and provides a better tool to measure and improve government services. As the scheme commenced data migration from April 2019, all aspects of the service haven't been delivered and were therefore unable to be measured in 2018–19.
- 2 The service standard has been replaced by a measure 'Administrative costs as a percentage of Fund revenue'. This new measure reflects the broader costs associated with delivering the Financial Provisioning Scheme as a proportion of the funds received for the Financial Provisioning Fund. As the scheme commenced data migration from April 2019, all aspects of the service haven't been delivered and were therefore unable to be measured in 2018–19.
- 3 Queensland Treasury will commence reporting the performance on new service measures in its 2019–20 Annual Report.

Revenue management

Service standards Revenue services	Notes	2018–19 Target/ estimate	2018–19 End of financial year actual
Effectiveness measure			
Customer satisfaction with services provided		70%	70%
Average overdue debt as a percentage of total revenue collected		2%	1.5%
Total revenue dollars administered per dollar expended – accrual	1	\$188	\$255
Efficiency measure			
Cost of delivering a compliance program as a ratio of the compliance revenue assessed	2	0.096	0.079
Service standards Penalty debt services	Notes	2018–19 Target/ estimate	2018–19 End of financial year actual
Effectiveness measure			
State Penalty Enforcement Registry (SPER) clearance rate (finalisations/lodgements)	3	85%	97%
Efficiency measure			
Average cost per \$100 collected		\$9.30	\$9.69

End-of-year variance notes

- 1 The increase between the target/estimate and the end-of-year actual is mainly due to higher than projected royalty revenues and lower than anticipated operating expenses as a result of the re-profiling of expenses associated with the Office of State Revenue's Transformation Program to future years.
- 2 The decrease between the target/estimate and the end-of-year actual is mainly due to a number of outlier duties cases with significant revenue. These are partially offset by the large, complex royalty cases that are still to be finalised in the following year.
- 3 This higher clearance rate is due to the positive impact of data enrichment and other ongoing initiatives.



About us

“Treasury’s vision is to grow the Queensland economy and improve the wellbeing of all Queenslanders.”

How Treasury began

Although it administers a wide range of legislation to support Queensland’s economic growth and fiscal strength, Treasury has no single legislative charter. The Treasury Department began in 1859 with the separation of the Colony of Queensland from the Colony of New South Wales. The appointment of the first Colonial Treasurer, Robert Ramsay Mackenzie, was gazetted on 15 December 1859.

Values

Treasury’s strength in fulfilling our vision is drawn from the public service values of:

- + customers first
- + ideas into action
- + unleash potential
- + be courageous
- + empower people.

These values are a foundation for Treasury’s business of providing trusted, impartial and influential advice for the economy and state finances by:

- + enabling sustainable growth that supports current and future government objectives
- + partnering proactively to facilitate better outcomes for the community
- + ensuring services are tailored, fit-for-purpose and easy to access
- + developing a capable and flexible workforce that can lead in policy development and service delivery.

The Queensland Government’s *Our Future State: Advancing Queensland’s Priorities* guide Treasury’s work. Read more about how Treasury employees are being equipped to deliver for Queenslanders on pages 16 to 20.

Services

As a central agency, Treasury leverages a government-wide perspective to provide advice and services to clients, and partner with agencies for better outcomes in the economy and state finances, revenue and commercial services.

Read more about Treasury’s services:

- + Economic and fiscal coordination
 - + Agency performance
 - + Commercial services
 - + Revenue management
- on pages 21 to 37.

Statutory and other bodies

Treasury’s work is complemented by the following bodies:

- + Cross River Rail Delivery Authority
- + Motor Accident Insurance Commission
- + Nominal Defendant
- + National Injury Insurance Agency (Queensland)
- + Queensland Treasury Corporation
- + Queensland Competition Authority
- + Queensland Productivity Commission

These organisations produce their own annual reports.

Clients

The diverse ways in which Treasury helps to grow the Queensland economy are reflected in its range of clients, such as:

- + the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships, who is supported to:
 - + create jobs in a strong economy
 - + give all our children a great start
 - + keep Queenslanders healthy
 - + keep communities safe
 - + protect the Great Barrier Reef
 - + be a responsive government
 - + government agencies with whom we partner to meet their infrastructure and procurement needs
 - + the business and non-government sectors, with whom we partner for investment and service delivery opportunities
 - + first homebuyers
 - + taxpayers and fine debtors,
- as well as relationships with business, industry, academia and other key stakeholders.

Changes for Treasury

In early 2019, Treasury took on responsibility for the government’s response to native title compensation. A Native Title Compensation Project Management Office was established to develop a framework that will be fair to native title holders, consistent across claims, and achieve settlement of compensation on ‘just terms’. Read more about Treasury’s work in this space on page 26.

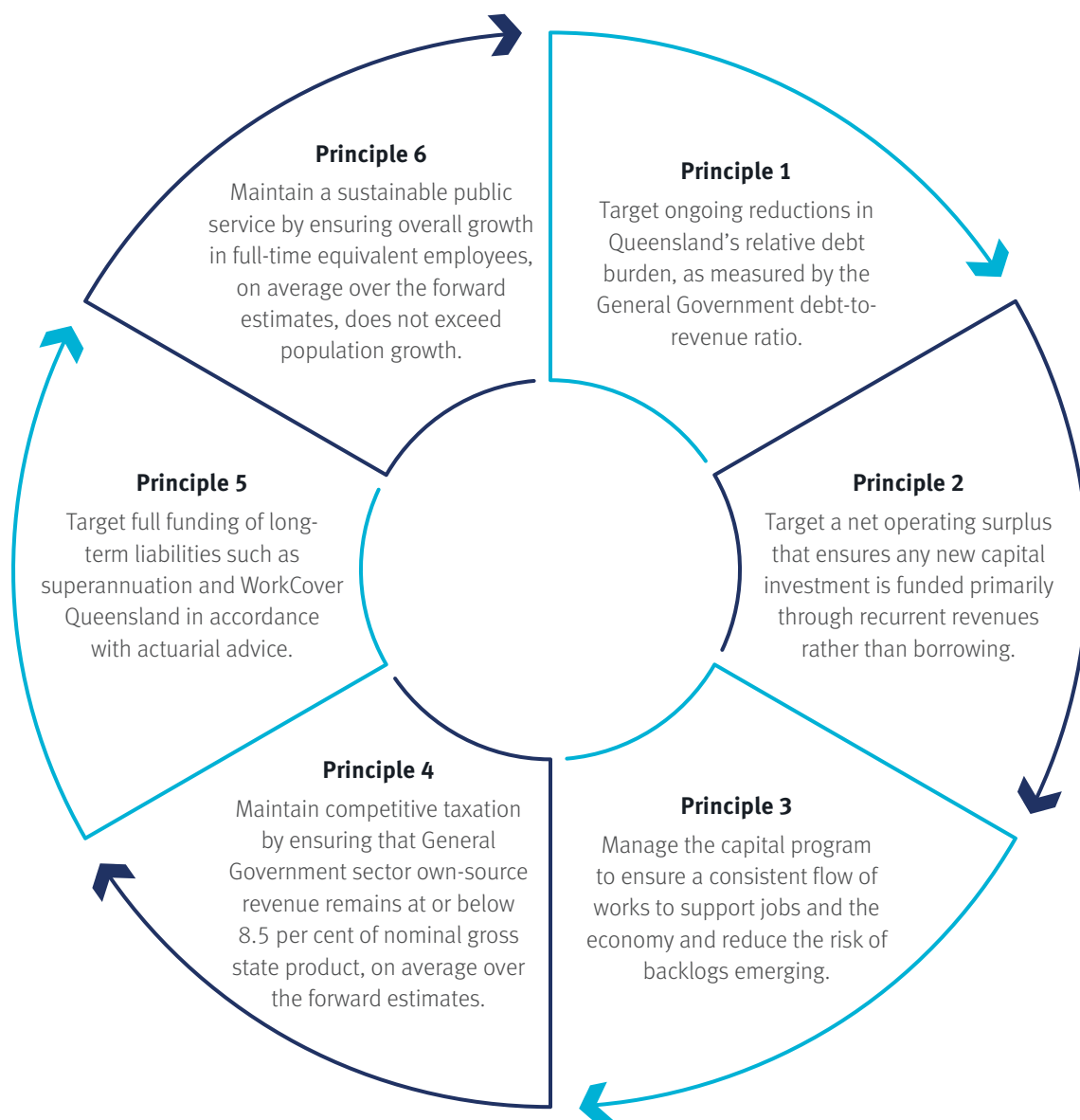
Managing our organisation

The government's fiscal strategy

The government's ability to grow the economy and improve the wellbeing of Queenslanders is supported by a prudent fiscal strategy. A cornerstone of each year's Queensland Budget, it outlines the principles by which the government manages Queensland's finances.

Each year's Budget, mid-year review and end-of-year reports outline the government's performance against these principles. We take a lead role in strengthening the government's financial accountability by partnering with agencies to meet their obligations under the *Financial Accountability Act 2009*, and make their best contribution to the government's priorities for Queenslanders.

In 2018, the government engaged Professor Peter Coaldrake to review how public sector workforce data is collected and reported and to assess the skills required for the future workforce. The government has accepted, or accepted in principle, all of the review's recommendations.



One of the recommendations from Professor Coaldrake's review was to 'nuance', or provide further detail about, the representation of Fiscal Principle 6 (see previous page).

In the 2019–20 Queensland Budget, Treasury used expanded full-time equivalent data to show health and education growth separately from the rest of the public sector.

Treasury is working with central agencies to implement the recommendations, which include adopting a single workforce database; replacing quarterly Workforce Profile Reports with half-yearly reports covering sector-wide analysis and trends; and adopting a consistent approach to reporting and monitoring of the 'indirect' workforce (i.e. contractors and consultants).

Strong governance

Underpinning Treasury's commitment to the fiscal principles and to the government's priorities are strong corporate governance practices in:

- + leadership and planning
- + internal and external accountability
- + corporate support
- + rigorous financial controls
- + workforce planning, capability and performance
- + resource allocation
- + information management.

Decisions in these areas are made by our Executive Leadership Team.

Managing performance

Treasury's performance is managed in line with the Queensland Government's Performance Management Framework, which provides the means to:

- + strengthen public sector accountability
- + identify risks and opportunities for agencies, government and the community
- + develop plans to address these.

At an organisation-wide level, our Strategic Plan guides longer-term efforts to deliver Treasury's purpose.

This is translated into financial year objectives and performance measures for each service area through our Service Delivery Statement, and reported in the annual report. Read more in the service reports on pages 21 to 37.

Treasury's performance is monitored externally through the Parliamentary Estimates Committee process after each year's Queensland Budget. Treasury is accountable to the Deputy Premier, Treasurer, and Minister for Aboriginal and Torres Strait Islander Partnerships, who reports against the Service Delivery Statement through this process.

Annual Operational Plans for each business group show a direct link between priority initiatives and Treasury's strategic objectives.

The operational plans are updated annually, but can be amended at any time to reflect emerging risks, opportunities and priorities. These plans provide a foundation for managers and employees to agree on priority deliverables which are tracked in individual Performance Excellence Plans. This planning framework provides alignment between the government's priorities, Treasury's vision, and its employees' day-to-day work.

Our Future State: Advancing Queensland's Priorities

Throughout 2018–19, Queensland Treasury made direct contributions to the priorities under the Advancing Queensland's Priorities initiative, most visibly in the priorities to:

Create jobs in a strong economy

Continued partnering in the Business Development Fund, which in 2018–19 invested \$28 million in innovative Queensland businesses and secured a further \$39 million in co-investment.

Completed procurement for the 10.2 kilometre Cross River Rail project.

Began the Build-to-Rent Pilot Project, a partnership with the private sector to deliver affordable rental housing for eligible low-to-moderate income earners.

Supported job creation in Maryborough, the Western Downs and Gympie with the Jobs and Regional Growth Fund.

Keep communities safe

Released the *Crime report, Queensland, 2017–18* and the *Justice report, Queensland, 2017–18* to inform policy development and service delivery in the criminal justice sector.

Supported the Queensland Productivity Commission Inquiry into Imprisonment and Recidivism, to reduce those factors and improve outcomes for communities.

Be a responsive government

Expanded online revenue management services, resolving more than 80 per cent of queries at first contact.

Delivered OSR Online, allowing land taxpayers to make transactions and have full transparency over their taxable land holdings.

Managing our organisation

Our leaders

Frankie Carroll Under Treasurer

Appointed Under Treasurer in February 2019, Frankie Carroll has more than 30 years' experience in both the public and private sectors.

Before joining Queensland Treasury, he was Director-General of the Department of Infrastructure, Local Government and Planning between 2015 and 2018.

Previously, Frankie was Chief Executive Officer of the Queensland Reconstruction Authority (QRA), responsible for delivering a reconstruction program worth more than \$13 billion – the largest program of its type in the nation's history. He earlier held the position of Deputy Chief Executive and Chief Financial Officer of the QRA, commencing in 2011.

He also brings extensive executive experience in major project delivery in the water, construction, energy and financial services industries. As Chief Executive Officer of Queensland Water Infrastructure, he delivered major water storage facilities to South East Queensland.

Before joining the public service in Queensland he worked for many years both in Australia and internationally in the financial services sector.

Frankie is a Graduate of the Australian Institute of Company Directors, a member of the Chartered Accountants Australia and New Zealand, a Fellow of the Association of Chartered Certified Accountants and a Member of the Association of the Institute of Taxation in Ireland.

Maryanne Kelly Acting Deputy Under Treasurer, Agency Performance

Maryanne commenced as Acting Deputy Under Treasurer of the Agency Performance group in December 2017.

In her current role, Maryanne is responsible for providing advice and analysis on public policy, fiscal and economic issues, particularly in relation to the health, education, communities, justice and housing portfolios.

Prior to her current appointment, Maryanne was the Assistant Under Treasurer for Queensland Treasury's Economics Strategy division. In this role, she was responsible for the employment and economic policy including overseeing the implementation of the government's Back to Work program and the production of Budget forecasts and the Budget Economic Framework.

Maryanne has more than 20 years of experience in leadership roles in the Queensland, Australian and United Kingdom governments.

She has held senior management roles in Queensland Government agencies including Queensland Treasury; Department of Communities, Child Safety and Disability Services; and Queensland Reconstruction Authority.

She has a Bachelor of Commerce and a Master of Social Planning and Development from The University of Queensland. In 2014, Maryanne completed a Graduate Diploma of Business with a major in accounting.

Alison Rayner Deputy Under Treasurer, Economic and Fiscal Coordination

Alison was appointed Deputy Under Treasurer of the Economics and Fiscal Coordination group in September 2017.

In this role, she is responsible for providing economic and fiscal advice, analysis and guidance to the government on matters of significance to the economic and fiscal performance of Queensland, particularly in relation to the State Budget, fiscal efficiency, economic policy, forecasting and reporting initiatives.

More recently, Alison has been in a senior executive management role working closely with Treasury's partner agencies to develop, fund and implement public policy, and has been involved in the development of the State Budget since 2013–14.

During her 20 years in government, Alison has held key roles in the development and implementation of the government's budget and reporting system, and its financial accountability framework.

She has been responsible for providing advice to government and agencies on financial management matters and complex commercial transactions.

Alison is a Chartered Accountant who started her career in the private sector, initially working in the business and tax advisory services industry followed by several years in commercial banking, before joining government in 1998 with the Department of Education. She joined Queensland Treasury during the period the government was transitioning to accrual-based budgeting.



Drew Ellem**Acting Deputy Under Treasurer,
Agency Performance and
Investment**

Drew was appointed Acting Deputy Under Treasurer of the Agency Performance and Investment group in September 2018.

In this role, Drew is responsible for commercial, fiscal and economic advice on the state's economic portfolios and Treasury's investment policy and industry programs.

Prior to this appointment, Drew was an Assistant Under Treasurer within the Agency Performance group.

In this role, Drew had responsibility for providing fiscal and policy advice across a range of portfolio areas including Transport, Tourism, Environment and Science and State Development. His responsibilities also included management of the government's banking and other financial services contracts.

Drew holds a Bachelor of Economics from The University of Queensland and is a graduate of the Australian Institute of Company Directors.

Liz Goli**Commissioner,
Office of State Revenue**

Liz was appointed Commissioner of the Office of State Revenue (OSR) in February 2014. Prior to her appointment, Liz was Senior Assistant Commissioner, Indirect Tax at the Australian Taxation Office (ATO) in Brisbane, and has held senior and executive management and leadership roles in tax administration since 1997.

Liz has international tax experience with the Organisation for Economic Cooperation and Development (OECD) in Paris. She previously worked in the Office of State Revenue from 1997 to 2001, where she had a leading role in rewriting the state duties legislation.

She began her career as a graduate with the ATO in 1984.

After a distinguished career in taxation and revenue management, Liz will retire from Queensland Treasury in July 2019.

Geoff Waite**Executive General Manager,
Risk and Intelligence**

Geoff first joined Treasury in 1984 to work on joint Commonwealth/State employment programs.

He worked in a number of budget portfolio roles until his appointment as Treasury's Director of Finance in 1995. He then headed up Treasury's corporate services function as Assistant Under Treasurer until 2001, and followed this with various roles including Assistant Under Treasurer, Budget Division and Executive Director of the Office of Government-Owned Corporations.

In 2007, Geoff started his own business and consulted to state and local governments in Queensland. He returned to Treasury in 2012 and worked on several internal reviews before heading up the Office of the Under Treasurer and leading Corporate Group. In 2019, when Treasury's corporate functions were combined into one business group, Geoff assumed responsibility for this expanded portfolio.

As part of his broader responsibilities, Geoff has statutory appointments as the Independent Board Member on the Public Safety Business Agency Board of Management, and as the Government Superannuation Officer.

He has a Bachelor of Arts from The University of Queensland, a Bachelor of Business from Queensland University of Technology, and is a Fellow of the Australian Institute of Management.

Robert Fleming**Acting Deputy Under Treasurer,
Commercial**

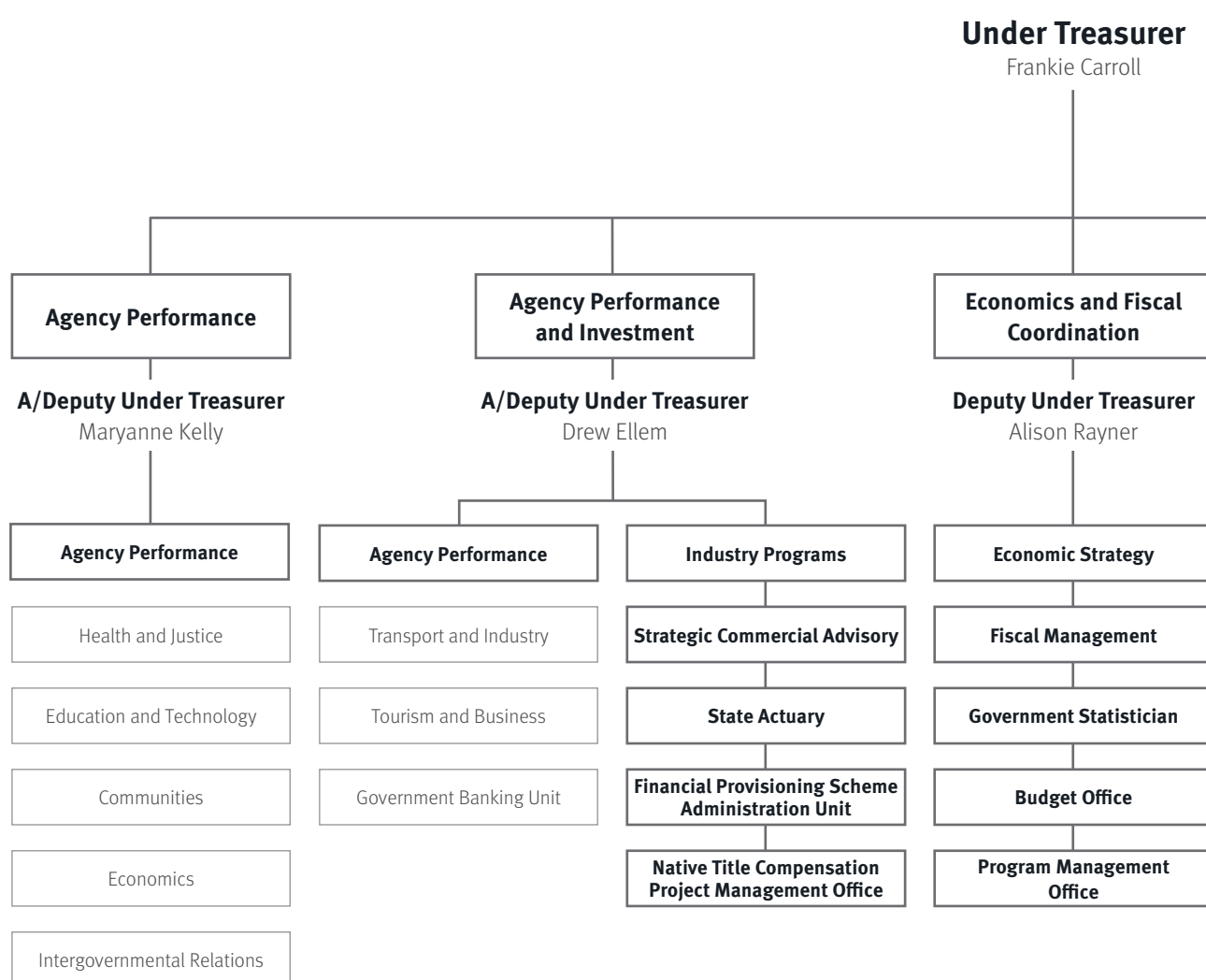
Robert is an economist with a background in government policy and project management within a career built in the public sector. He began his career in policy and budget development, working predominantly in social justice and transport portfolios.

During his 20 years in government, Robert has been responsible for providing advice for some of the state's largest infrastructure projects in roles at both the Queensland Treasury Corporation and Queensland Treasury. He has led teams that have developed business cases and procured key infrastructure projects including the Toowoomba Second Range Crossing, Herston Quarter redevelopment, Gold Coast Light Rail, Cross River Rail, and market-led proposals such as the Logan Motorway Enhancement Project.

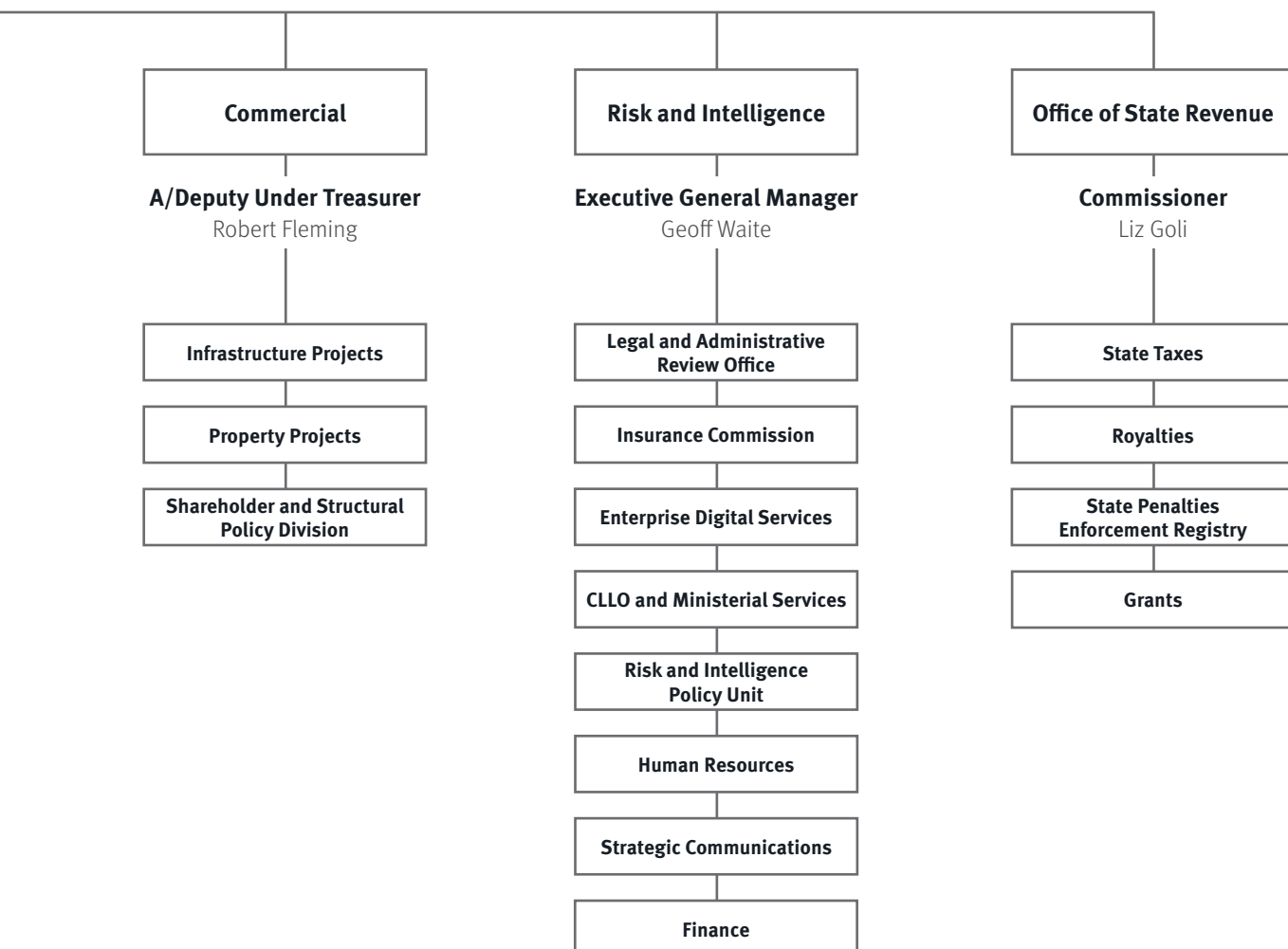
Managing our organisation

Leading Treasury

As at 30 June 2019



“Our Executive Leadership Team applies a strategic, cross-divisional perspective to our organisation’s key priorities.”



Managing our organisation

Audit and risk management

The Audit and Risk Management Committee helps Under Treasurer Frankie Carroll to meet his responsibilities under the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and other prescribed requirements. It does this by carrying out a range of activities to maintain oversight of key financial, risk and performance management activities for our organisation, including:

- + financial statements – reviewing the appropriateness of Treasury's accounting policies and financial performance
- + risk management – reviewing the effectiveness of our risk management framework, including processes for identifying, monitoring and managing significant business risks
- + integrity oversight and misconduct prevention – monitoring any misconduct trends and prevention approaches and highlighting with management any issues or areas for improvement
- + internal control – reviewing, with the assistance of internal and external audit functions, the adequacy of internal controls, including IT security

- + internal and external audit – reviewing and approving Treasury's Internal Audit Plan; consulting with External Audit on the proposed audit strategy; and considering audit findings and recommendations to ensure key risks are considered and mitigated.

The committee also performs these functions for select related entities who sit within Treasury's broader portfolio but prepare independent financial statements. In 2018–19 these entities were the Motor Accident Insurance Commission and the Nominal Defendant.

2018–19 Audit and Risk Management Committee membership (as of June 2019)

Chair:

Executive General Manager, Risk and Intelligence

Members:

Deputy Under Treasurer, Economics and Fiscal Coordination
Insurance Commissioner
Commissioner, Office of State Revenue
Don Licastro – independent member

Standing invitations:

Under Treasurer
Chief Finance Officer
Queensland Audit Office (QAO)
Internal Audit

2018–19 achievements

In 2018–19, the committee met five times and fulfilled its responsibilities in accordance with its charter and an approved work plan, which included:

- + reviewing the 2017–18 Financial Statements for Queensland Treasury, Motor Accident Insurance Commission and Nominal Defendant
- + reviewing outcomes of the 2018–19 Internal Audit activity and endorsement of the 2019–20 Internal Audit Plan
- + considering issues raised by QAO, including recommendations from performance audits
- + considering Treasury-related QAO reports to Parliament
- + monitoring progress of the implementation of internal audit recommendations.

Everyone in Treasury is responsible for managing risk, and a robust risk management framework is integrated into all Treasury business activities and systems.

The risk management function works with business areas to update their risk registers. Key and high-rated business area risks inform development of an agency-wide risk management profile and risk report.

This report is presented to the Executive Leadership Team and provides a snapshot of risks across business areas, risk-rating changes and an overview of current and emerging risks and opportunities for the agency. This risk profile is used to inform strategic and business planning, and the targeting of relevant assurance activity.



Internal Audit

Internal Audit is an integral part of the corporate governance framework Treasury uses to maintain accountability and control at all levels.

Internal Audit supports the Audit and Risk Management Committee by evaluating Treasury's financial and operational systems, reporting processes and activities.

PwC provides an independent and objective internal audit service in accordance with our Internal Audit Charter and ethical standards. Although independent, Internal Audit regularly liaises with QAO to ensure appropriate assurance services are provided to Treasury. In 2018–19, Internal Audit delivered a program of work for Treasury's three-year Internal Audit Plan (approved by the Audit and Risk Management Committee). This plan is aligned to our key risk areas, operations, and strategic objectives and draws on additional specialist expertise as needed.

Information management

Managing our information services

Treasury continues its commitment to quality information and records management by providing:

- + a secure environment
- + risk-based policies and practices that support sound decision making, accountability, and compliance through automation and digitisation.

The department strives to meet the challenge of evolving technologies, the rise of large, complex data sets and its obligations under the *Public Records Act 2002*, the *Financial and Performance Management Standard 2019* and the whole-of-government record governance policy and guidelines.

Over 2018–19, major achievements included:

- + completing the Information Security Program to mitigate Treasury's cyber security risk profile
- + embedding an information security management system that aligns to the government's Chief Information Officer's policy directive
- + providing advice, guidance and support with business applications to ensure they meet whole-of-government information and data requirements

- + supporting the existing electronic document and records management system to manage records and compliance activities, provide business efficiencies with workflows, and enable sentencing and disposal processes
- + transitioning to cloud-based, new generation Office 365 tools and applications for document and records management. This will enable employees to work and collaborate efficiently and securely from any device, anywhere.
- + piloting a new email records solution to realise significant business efficiencies and improve compliance
- + reviewing all information management policies.

Our people

A capable, inclusive workforce

Treasury is committed to building a workforce and workplaces that better reflect Queensland's communities. This includes providing the safe, inclusive workplaces, based on a culture of respect and zero tolerance for violence, that Queenslanders deserve. By attracting, recruiting and retaining such a workforce, Treasury is better able to support the government in advancing its priorities.

Diversity, inclusion and reconciliation

Queensland Treasury is committed to whole-of-government 2022 diversity targets for equal employment opportunity (EEO) groups, including:

- + women (employed in senior executive and senior officer positions)
- + Aboriginal and Torres Strait Islander peoples
- + people with disability
- + people from a non-English speaking background.

Treasury is also fully committed to the Queensland Government's wider framework for diversity and inclusion, which requires agencies to commit to specific action plans for:

- + inclusion and diversity
- + women
- + people with disability
- + reconciliation
- + multicultural
- + LGBTIQ+ identity.

Whole-of-government plans for these areas are available from www.qld.gov.au, and Treasury-specific plans are available at www.treasury.qld.gov.au.

A Diversity and Inclusion Steering Committee chaired by the Under Treasurer has been formed to provide a governance framework and decision-making body for Treasury's diversity and inclusion priorities.

Treasury is on a journey towards reconciliation in pursuit of meaningful relationships between Aboriginal and Torres Strait Islander peoples and non Indigenous Australians. For this reason, the initial priority for the committee is Aboriginal and Torres Strait Islander employment, culturally safe career pathways, and lifting organisational and employee cultural capability.

In 2019–20, Treasury will implement strategies to improve its capability in diversity and inclusion, including:

- + to increase employment of Aboriginal and Torres Strait Islander peoples, and develop Treasury relationships with Aboriginal and Torres Strait Islander communities
- + review and improve recruitment processes and continue to lift organisational and employee cultural capability, which is relevant to all EEO target groups.

Diversity and inclusion activities and events continue to assist in building and sustaining a workforce and culture that values the skills and insights of employees irrespective of gender identity, ethnicity, age, sexual orientation, disability and personal factors. In 2018–19, Treasury did this by:

- + seeking new membership for the Diversity and Inclusion Employee Network with an agenda directly led by the Under Treasurer
- + promoting and participating in a wide range of activities for National Reconciliation Week and NAIDOC Week, including staff engagement in Banaam Cultural Capability Training
- + senior leadership advocacy and representation at key events including the Queensland Indigenous Youth Leadership Program at Parliament House, and the Leveraging Executive Female Talent Executive Forum
- + celebrating Wear It Purple Day with employees continuing to display the rainbow lanyard
- + participating in the Public Service Commission (PSC) Graduate Connect Mentor pilot program, in which several former Treasury graduates mentored talented young refugee clients from Multicultural Development Australia
- + signing a 12-month agreement with JobAccess to deliver Disability Awareness Training to staff and review recruitment practices



- + using Treasury's Disability Action Week promotions to employees to support the launch of the PSC's 'Empowered and confident: disabling the barriers approach' campaign.

Treasury is committed to ensuring women and men enjoy the same opportunities to shape and influence their own lives and careers. Its efforts in this space include senior leadership advocacy of, and representation at, key events including the Leveraging Executive Female Talent Executive Forum mentioned previously.

Ending domestic and family violence

As a central agency, Treasury continues to show leadership by delivering on the *Queensland Government's Domestic and Family Violence Prevention Strategy 2016–26* and associated action plans. Treasury employees know that their organisation does not tolerate violence, and will support them if they are affected by it.

Treasury's workplace-related domestic and family violence prevention actions also contribute to outcomes for cultural transformation and wellbeing under the Queensland Government's 10 year human capital outlook and three-year strategic roadmap.

White Ribbon Australia Workplace Accreditation is a sign of Treasury's commitment to educate employees about respectful relationships and behaviours, promote gender equity, and support its employees. In 2018–19, Treasury did this by:

- + continuing to provide specialist training to Treasury people leaders on how to recognise, respond and refer issues of domestic and family violence
- + piloting a Cultural Change Workshop from Griffith University's MATE Bystander program
- + joining forces for a third year with Department of Premier and Cabinet and Public Service Commission for the Darkness to Daylight run, collectively raising more than \$2,000
- + entering into a workplace partnership with a women's refuge to continue support for Queenslanders affected by domestic and family violence
- + hosting a personal safety presentation by Queensland Police Service
- + partnering with a number of government agencies to recognise White Ribbon Day.

In 2019–20, Treasury will contribute as a member of the domestic and family violence multi-agency group. This group will implement recommendations from an independent evaluation of the Queensland Government's workplace response to domestic and family violence.

Workforce planning and performance

Treasury's employee performance management frameworks – iPerform and achievement and development planning – include development strategies for employees and case management strategies, to better support proactive identification and resolution of systemic issues, and improve processes for performance and conduct management.

During the year, Treasury began reviewing these systems, to ensure they align with the Public Service Commission's capability framework, and that they continue to improve employees' performance and achievement.

Industrial relations

Treasury supports the Queensland Government's encouragement of union membership. The Treasury Consultative Committee is the department's forum for regular engagement with the Together Union. Meetings about organisational change, policy review and individual employment matters are held at least quarterly.

Our people

Leadership development and people management

Treasury is responding to opportunities identified through the Treasury Capability Blueprint and to the 2018 Working for Queensland Survey results to equip its employees with contemporary leadership skills. By reviewing its leadership development offerings, Treasury will have access to a 'pipeline' of leaders which will allow for succession and business continuity planning across the organisation.

Great Leaders Program

Treasury, in partnership with Queensland University of Technology, is in its fifth year of offering the Great Leaders Program (GLP) to emerging leaders. Treasury celebrated the graduation of 12 participants from 2018 and introduced 12 new participants to the 2019 program. Since GLP began, 43 employees have completed the program. The Capability Blueprint identified an opportunity to evaluate GLP, which will be conducted in 2019.

Managers' Development Program

During the year, Treasury introduced the Managers' Development Program (MDP), which will commence in 2019–20. MDP will provide current and potential managers with practical and fundamental frontline management skills which are essential to delivering Treasury's objectives. The program will be supported by online modules and specialist sessions developed by inhouse corporate subject matter experts.

Building a healthy, safe and resilient workforce

Treasury is committed to the health, safety and wellbeing of its employees. With more than 95 per cent of staff completing the annual whole-of-government employee satisfaction survey, it is able to analyse potential psychosocial and other risk factors and offer supportive health and wellbeing programs and activities for employees, such as:

- + the 'Be healthy, be safe, be well' strategy and the Keep Queenslanders Healthy priority of the government's *Our Future State – Advancing Queensland's Priorities* plan
- + mental health training for people leaders. Interactive workshops help managers and supervisors develop effective skills to deal with mental health matters such as depression and anxiety in the workplace. This training provides valuable insights for employees and managers on the best approaches and likely outcomes – building confidence, skills, strategies and tools to ensure staff are supported, safe and productive at work.
- + a whole-of-department resilience program, to create a more productive workforce and one that can better respond to challenges both at work and at home. The program has 10 separate dimensions including relationships, problem-solving and physical health

- + workplace support services have been expanded and promoted to include personal counselling, manager hotline services, and lifestyle (physical health and wellbeing) coaching.
- + a workplace ergonomics program, which together with an increasing adoption of flexible work arrangements, minimises the potential for injury and illness at the workplace. The department's Workers Compensation claims remain low compared to similar organisations.
- + end-of-trip facilities for cyclists, runners and walkers at Treasury's 1 William Street workplace. Many employees actively engage in walking and running groups and Treasury encourages team participation at community events such as the Darkness to Daylight run.

Flexible options for work/life balance

The Public Service Commission's three-year Human Capital strategic roadmap established agile and flexible working as a strategic imperative for the Queensland public sector. These qualities are key to creating an innovative and diverse workforce, capable of responsive service delivery.

Flexible work practices help support employees' wellbeing, and improve overall productivity and performance. Treasury embraced the Commission's Flexible by Design framework, and has employees accessing a range of flexible work arrangements, such as:



- + adjusting hours of work with flexible start and finish times
- + working compressed hours
- + job sharing and working part-time
- + accessing family and breastfeeding rooms in the workplace
- + changing their place of work
- + taking leave at half pay.

Employees use these arrangements to help manage their life circumstances including parenting and other caring responsibilities, and transitioning to retirement.

Treasury actively promotes the ways flexible work practices are being used through employee communication channels. Managers and employees are encouraged to discuss flexible work options, and develop a team culture where working flexibly is the norm.

Early retirement, redundancy and retrenchment

During the period, one employee received a redundancy package at a cost of \$141,000.

Ethics and values

Treasury has incorporated the Queensland public service values into its business model:

- + customers first
- + ideas into action
- + unleash potential
- + be courageous
- + empower people.

These values are at the heart of Treasury's identity as a workforce, and employees' ability to deliver the government's commitment to backing jobs for Queenslanders.

Treasury is guided by the Code of Conduct for the Queensland Public Service in its work as a public sector agency. The code is based on the four principles outlined in the *Public Sector Ethics Act 1994*:

- + integrity and impartiality
- + promoting the public good
- + commitment to the system of government
- + accountability and transparency.

During induction, all new starters receive training in the principles, as set out in the code.

When required, messaging and training about elements of the code are reinforced with existing employees. Instruction around the code and ethical behaviour will be part of the Managers' Development Program. Read more about this initiative on page 18.

In 2018, Treasury participated in the review of the code, and an updated version is expected to be available in the second half of 2019.

Employees have access to a range of resources (policies, procedures, guidelines and factsheets) so they can model appropriate behaviour inside and outside work. In 2019, Treasury will review its policy framework to ensure it aligns with contemporary public sector and community expectations and acknowledges the *Human Rights Act 2019*.

Treasury also has a focus on managing and addressing conflicts of interest, the receipt of gifts and benefits and fraudulent behaviour and is planning training for all employees around the code and ethics.

Our workforce at a glance

At the end of the year, Treasury's workforce comprised:



¹ Includes Treasury employees outsourced to Motor Accident Insurance Commission and Nominal Defendant. Represents employees active and paid at 30 June 2019.

Our people

Workforce composition

	Number	% of workforce ²
Men	464	45
Women	567	55
Permanent separation rate	57	6.28
Aboriginal and Torres Strait Islander peoples	8	0.78
People from non-English speaking backgrounds	150	14.55
People with disability	28	2.72
Women in middle and upper management (AO7–AO8) ³	116	50
Women in senior officer and senior executive service positions (SO–CEO equiv) ⁴	46	41.82
Women in senior executive service positions (SES–CEO equiv) ⁵	14	30.43
Average annual earnings by men (nominal salary) ⁶	\$106,767	
Average annual earnings by women (nominal salary) ⁶	\$95,626	

² Percentage of total workforce or demographic cohort

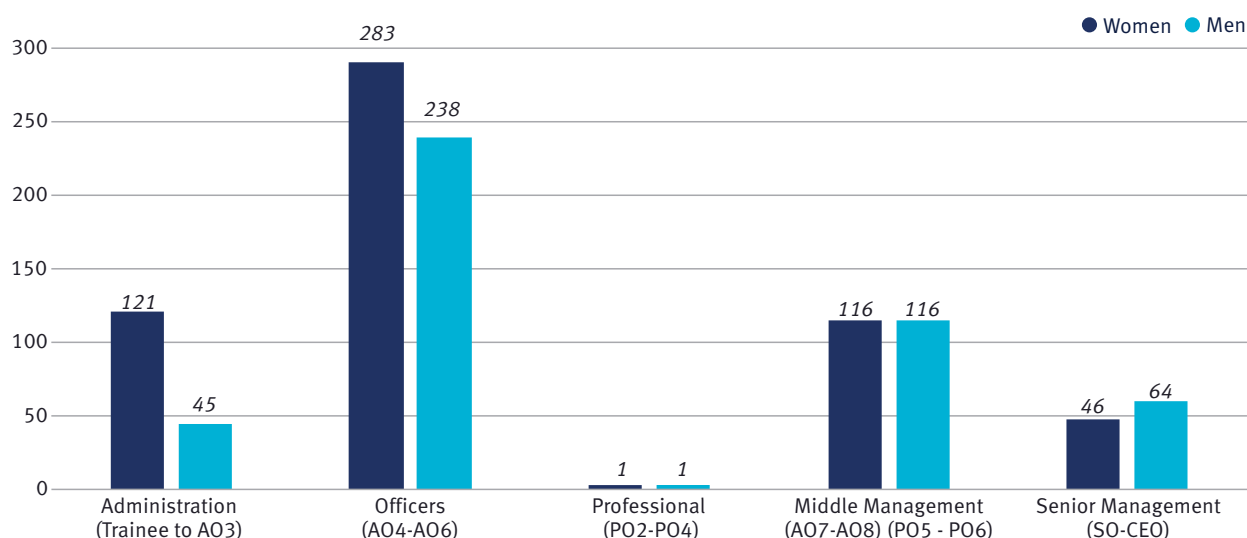
³ Represents 11.25 per cent of total workforce

⁴ Represents 4.46 per cent of total workforce

⁵ Includes SES, S122 and CEO equivalent roles

⁶ Nominal salary based on full-time earnings for each gender – correct at 30 June 2019

Total staff by gender classification



Economic and fiscal coordination

Service report

Backing Queensland jobs

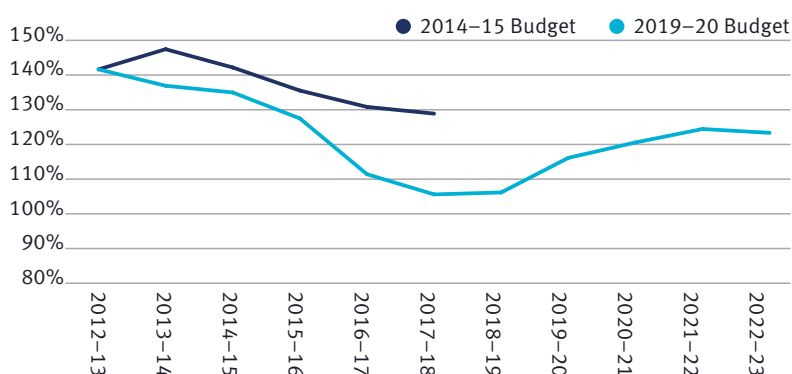
Treasury provides economic and fiscal leadership, strategy and advice to promote economic growth and job creation for the benefit of all Queenslanders. The cornerstone of this advice is the coordination of the Queensland Budget to deliver the government's policy objectives.

Treasury does this by:

- + delivering whole-of-government economic, fiscal, revenue, financial management, accounting, policy and reporting services to the Under Treasurer, Treasurer and Cabinet Budget Review Committee
- + providing strategic economic and regulatory reform policy advice, economic impact analysis, modelling and data analysis to inform public policy and decision making across the Queensland Government to promote sustainable economic and employment growth
- + monitoring, forecasting and measuring the state's economic performance, at industry, regional and state-wide level, to inform development of the Queensland Budget and whole-of-government economic and social policy development
- + coordinating the development of the Queensland Budget, and managing the state's debt and balance sheet in accordance with government policies
- + delivering statistical, demographic research and program evaluation services across government through the Queensland Government Statistician's Office.

Our operating environment

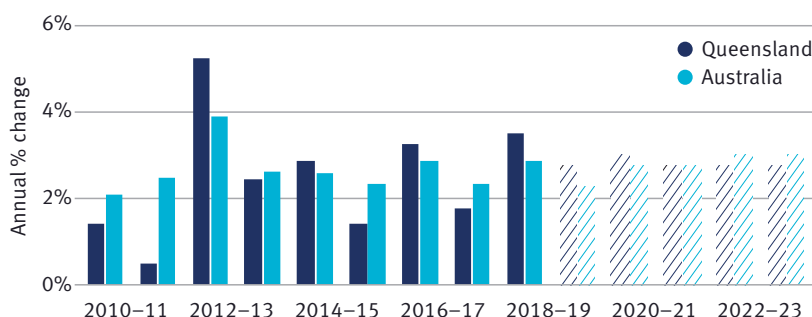
Non-financial public sector – debt to revenue ratio



Analysis

Debt to revenue ratio in the non-financial public sector (NFPS) comprises the General Government Sector and government-owned corporations. It reached a peak in 2012–13 of 140.5 per cent. Since then, the debt to revenue ratio has fallen substantially and is forecast to be 123 per cent in 2021–22. Through measures taken in the 2019–20 Budget, growth in NFPS borrowing is expected to halve from 6 per cent in 2020–21 to only 3 per cent by 2022–23, such that the NFPS debt to revenue ratio is expected to decline beyond 2021–22, while borrowing costs are at historical lows.

Economic growth, Queensland and Australia



Note: 2016–17 reference year, 2018–19 to 2020–21 are forecasts, while 2021–22 and 2022–23 are projections. Sources: ABS 5206.0, Australian Government Budget 2019–20 and Queensland Treasury.

Analysis

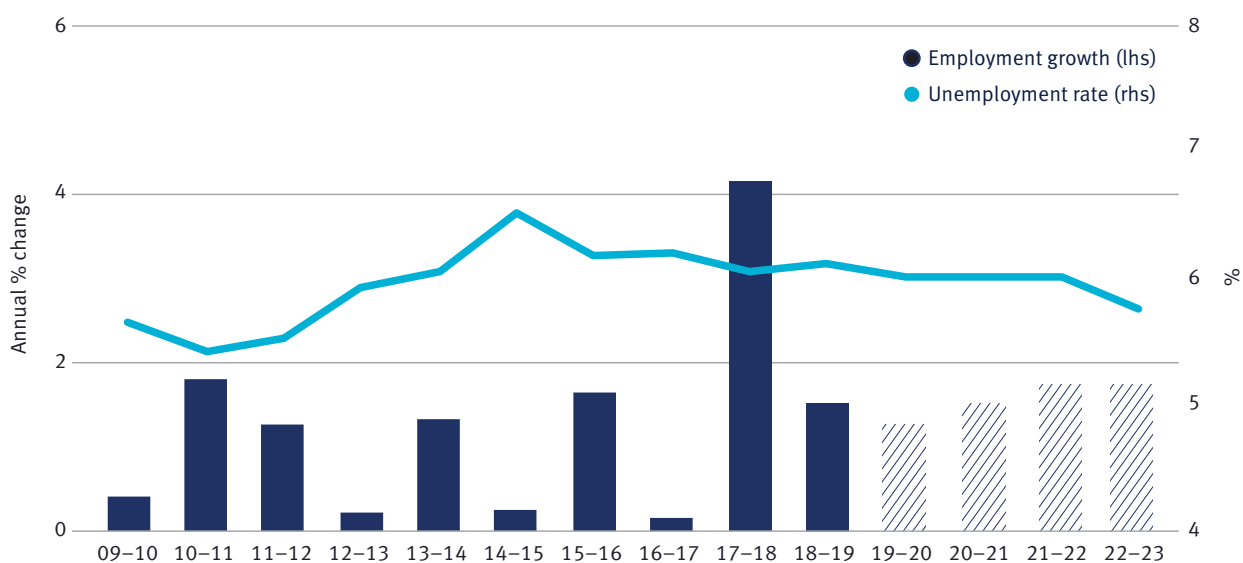
After stronger than expected growth of 3.5 per cent in 2017–18, economic growth is forecast to remain solid in 2018–19 and beyond. However, a combination of global, national and domestic factors impacting on economic activity is expected to see Gross State Product (GSP) growth in Queensland ease to 2¾ per cent in 2018–19. The easing in Queensland's economic growth also reflects the impact of the North Queensland floods, with losses in economic output estimated to be around ¼ percentage point of GSP, spread across 2018–19 and 2019–20.

Growth is forecast to strengthen to 3 per cent in 2019–20, underpinned by a modest improvement in domestic activity as business investment returns to growth. From 2020–21 onwards, economic growth is expected to remain solid, at around 2¾ per cent per annum.

Economic and fiscal coordination

Service report

Employment growth and unemployment rate, Queensland



Note: Year-average. 2019–20 and to 2020–21 are forecasts, while 2021–22 and 2022–23 are projections.
Sources: ABS 6202.0 and Queensland Treasury.

Analysis

Reflecting the state's strong economic growth, employment grew 4.1 per cent in 2017–18, the strongest year average growth in over a decade and the largest single-year rise (almost 98,000 people) in the state's history.

The gap between regional and South East Queensland unemployment rates has continued to narrow, from 2.5 percentage points in mid-2016 to 0.5 of a percentage point in the year to June 2019, reflecting stronger economic conditions in many parts of regional Queensland.

However, subdued domestic activity has seen Queensland's employment growth return to a more sustainable rate of 1.5 per cent in 2018–19. Employment is forecast to rise 1¼ per cent in 2019–20, while the unemployment rate is expected to remain stable at around 6 per cent.

Beyond 2019–20, as domestic activity strengthens, labour market conditions are set to improve, with a strengthening in jobs growth to 1¾ per cent and the unemployment rate edging lower to 5¾ per cent by the end of the projection period in 2022–23.



Objective

Enable sustainable growth that supports current and future government objectives

Treasury uses its role as the government's expert on state finances and the economy to support the government's priorities, including 'backing Queensland jobs'. Each year, Treasury develops the Queensland Budget, which:

- + outlines the state's economic plan and economic conditions
- + outlines the state's financial performance
- + implements the government's fiscal objectives and fulfils the government's priorities for the community.

The 2019–20 Queensland Budget was guided by the government's overriding objective to support economic and jobs growth across all regions of the state through:

- + continued investment in job-generating and productivity-enhancing infrastructure
- + providing better frontline services for workers, families and communities across the state.

In line with the government's economic plan, highlights of the 2019–20 Budget that support these objectives included:

- + a \$49.5 billion infrastructure program, which directly supports 40,500 jobs in 2019–20 including 25,500 jobs in regions outside of Greater Brisbane
- + \$5.625 billion investment in transformative transport infrastructure
- + a record \$18.5 billion health program
- + historic changes to Queensland's youth justice system through the establishment of a new Department of Youth Justice
- + substantial funding for critical infrastructure programs to support the 1.55 million Queenslanders who live in the state's regions.

Read more about the Queensland Budget 2019–20 at www.budget.qld.gov.au

The 2019–20 Budget demonstrates the government's commitment to sound fiscal management, with operating surpluses projected for 2019–20 and the forward estimates. However, the fiscal environment remains challenging with the potential for further reductions in GST and transfer duty.

Other issues with potential to impact on Queensland's fiscal position are:

- + the state's future share of GST after the 2020 Methodology Review
- + native title compensation settlement
- + removal of the statutory limitation on physical abuse

- + class action from the 2011 flood events
- + expired and expiring National Partnership agreements.

Until they are considered by government or formal agreements are in place, the exact extent of their impact cannot be determined.

A key role of the Budget Office is to support Treasury and the government in monitoring and reporting on the state's position, publishing each year's Report on State Finances and Mid-Year Fiscal and Economic Review. The Budget Office team also:

- + coordinated and delivered the 2019–20 Budget and the 2018–19 Mid-Year Fiscal and Economic Review
- + developed strategy for 2019–20 Budget and future budget processes, including guidelines and funding approaches
- + adopted a process-led approach to deliver the Budget with a view to reducing duplication while maintaining transparency
- + provided decision-makers with timely and quality briefing material, including support for responding to *Our Future State: Advancing Queensland's Priorities*.

As the budget cycle continues throughout 2019–20, Treasury will assist in developing the Queensland Budget 2020–21, Report on State Finances 2018–19, and the 2019–20 Mid-Year Fiscal and Economic Review.

Economic and fiscal coordination

Service report

The Budget Office also provides expertise for innovative funding approaches such as the three pilot social benefit bonds (SBB). These SBBs – with Uniting Care Queensland, Life Without Barriers and Churches of Christ – have completed their first year of operation. Annual performance reviews for each of the SBBs have been finalised, with support by Treasury's Budget Office.

Innovation in delivery

In 2018–19, the new BudgetPlus application was used as the primary tool for developing the 2019–20 Budget.

BudgetPlus allows agencies to develop and submit funding requests online. It increased the efficiency of the budget process by:

- + enabling more timely and effective data collection
- + improving the presentation of information to government decision makers
- + increasing review and sharing capability.

In the coming year, the Budget Office will continue to identify and implement system enhancements for the budget process.

Strong, sustainable regulatory frameworks

The *Queensland Government Guide to Better Regulation* outlines the government's approach for ensuring regulation is necessary, effective, efficient and provides clear benefits for Queensland. An updated edition of the guide encourages risk-based approaches to regulation, more timely regulatory review, and further assessment of regulatory impacts on small business.

The guide also outlines the government's recently introduced Regulator Performance Framework. This encourages regulators to adhere to 'model practices' that will support better interactions with their stakeholders, resulting in reduced regulatory burden for all parties.

Under the framework, key Queensland Government regulators whose regulatory activities impact business, particularly small business, will report publicly on their performance, including implementation of the model practices. The Office of State Revenue (OSR), part of Queensland Treasury, is one such regulator. OSR has implemented a program to transform its practices to reduce the impact on business. A report on its 'better regulation' activities, and the Guide to Better Regulation, are available from www.treasury.qld.gov.au.

Objective

Partner proactively to facilitate better outcomes for the community

Keeping communities safe

In 2018–19, Treasury, through the Queensland Government Statistician's Office (QGSO), released the *Crime report, Queensland, 2017–18* and the *Justice report, Queensland, 2017–18* to inform policy development and service delivery in the criminal justice sector. Also released was the *Crime Research Agenda*, which guides the development of the crime research work program and helps identify potential research partnerships and collaborations.

In the year ahead, Treasury will work with agency partners to implement priority crime research projects, and the results of these will be progressively released throughout 2019–20.

Understanding our communities

The *Queensland Government population projections (2018 edition)* were released in 2018–19, providing a suite of information products to Queensland Government agencies, business and the community for use in planning services and infrastructure. In 2019–20, Treasury will update and release household and living arrangement projections to complement the 2018 population projections.



Agency performance

Service report

Partnering for service delivery

Treasury's role is to support line agency performance and public policy development by:

- + providing economic and fiscally responsible public policy analysis and advice to agencies to support government priorities
- + partnering with agencies to optimise performance, balancing service delivery within budget parameters
- + managing and coordinating intergovernmental financial relations issues
- + managing whole-of-government banking and payment services contracts.

Key issues in our environment

Treasury's operating environment is influenced significantly by decision making and negotiations in the national arena on funding for key sectors of the economy. Population growth, demographic change and technological developments all also affect communities' infrastructure and service delivery needs.

Treasury plays a key partnering role in delivering the Queensland Government priority of reducing emissions and increasing the take-up of renewable energy. This will involve working with the Department of Environment and Science and other agencies to develop a Green Paper on climate change for public consultation, outlining a range of options for responding to this issue.

Feedback on the Green Paper will be used to develop a White Paper, setting out the optimal path to achieving the objectives. Read more about renewables on pages 27 and 28.

Objective

Partner proactively to facilitate better outcomes for the community

2018–19 provided many opportunities to work with agencies to advance the government's priorities. Treasury focussed strongly on ensuring the delivery of the government's capital program to meet community service needs and create jobs. Other examples of Treasury's work with agencies included:

- + working with justice agencies and the Department of the Premier and Cabinet to support a whole-of-government focus on reforming the Queensland criminal justice system
- + significant building and construction industry reforms under the Queensland Building Plan, implemented by the Department of Housing and Public Works.

- + supporting the state's continuing transition to the National Disability Insurance Scheme with strategic policy and financial advice, in partnership with agencies
- + partnering with the Department of Education to finalise a new agreement with the Australian Government for funding for Queensland schools from 2019 to 2023
- + working with Queensland Health on the long-term agreement with the Australian Government for funding for health services beyond 2019–20
- + working with the Department of Environment and Science to develop the Waste Disposal Levy which will be instrumental in changing waste management in Queensland. By discouraging disposal of waste to landfill, the levy will discourage the transport of waste into Queensland and encourage investment in job-creating reuse, recycling, bioproducts and waste-to-energy industries
- + working with the Department of Natural Resources, Mines and Energy to continue reforms to resource safety and health, particularly in response to the recommendations of the Coal Workers' Pneumoconiosis (CWP) Select Committee Inquiry into the re-identification of CWP among coal workers in Queensland.

Agency performance

Service report

Objective

Enable sustainable growth that supports current and future government objectives

Advocating for Queensland's interest in Commonwealth–State financial relations

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.

In 2018–19, Queensland successfully advocated, in collaboration with other jurisdictions, for the Australian Government to legislate a 'no worse off' guarantee alongside their other changes to the GST distribution system. This will ensure that, as states transition to the new system from 2021–22, Queensland (and other states and territories) will not receive less GST revenue than under the current system.

Treasury also led the state's response to the Commonwealth Grants Commission's five-yearly review of the GST distribution system. This involved presenting a comprehensive submission on Queensland's position on horizontal fiscal equalisation and hosting the Commission in August 2018 as it met with departments and regional service delivery staff.

Native title compensation

During the year, Treasury assumed responsibility for developing the government's response to issues of native title compensation.

The High Court's 2019 decision in the Timber Creek compensation case paved the way for native title holders across Australia to claim compensation for native title rights.

Treasury is developing a framework that will be fair to native title holders, consistent across claims, and achieve settlement of compensation on 'just terms'.



Commercial services

Report

Value-for-money infrastructure and attracting investment

Treasury supports economic growth in Queensland by providing timely financial and commercial advice to government and by leading major commercial government projects to achieve time, cost, risk and quality objectives. This service includes:

- + providing commercial and financial advice to government on service and infrastructure projects and managing the procurement of privately financed major public infrastructure and service projects
- + working with government agencies to realise the contracted value of major public infrastructure and service projects through the delivery and operations phases
- + providing commercial and policy advice on private sector investment in Queensland
- + managing the state's engagement in the Northern Australia development agenda
- + managing the state's project assessment framework to drive rigorous project development across government
- + assessing government-owned corporations' (GOCs) capital investments and driving a focus on maximising performance and rates of return through improved commercial focus

- + leading implementation of a new financial provisioning scheme for the resources sector
- + advising government on competition policy and legislation, economic regulation and structural policy
- + leading the state's negotiations with the Australian and local governments on City Deals.

Key issues in our environment

Uncertainty about Australian energy policy may impact on the government's ability to deliver reliable, affordable energy with an appropriate mix of baseload and renewable energy.

Objective

Enable sustainable growth that supports current and future government objectives

Powering Queensland Plan

The government is committed to making Queensland a clean energy leader through reaching the 50 per cent Queensland Renewable Energy Target (QRET) by 2030.

Throughout 2018–19, Treasury assisted with the implementation of the \$1.16 billion Powering Queensland Plan for affordable, secure and sustainable electricity supply for the state. Major actions under this plan included:

- + one-off funding of \$771 million to help stabilise electricity prices by funding the removal of Solar Bonus Scheme costs from electricity prices for three years from 1 July 2017 to 30 June 2020

- + progressing the Renewables 400 auction to procure up to 400 megawatts (MW) of renewable energy
- + directing Stanwell to put downward pressure on wholesale electricity prices and to return Swanbank E power station to service
- + establishing CleanCo Queensland Limited (CleanCo), Queensland's new renewable energy government-owned corporation (GOC).

As a result of these initiatives, Queensland's wholesale prices remain the lowest in the National Electricity Market (NEM).

Queensland's ownership of its energy assets means its businesses can be run for the benefit of Queenslanders, not just for profit. The Powering Queensland and Affordable Energy plans have reformed the market and delivered lower prices to Queenslanders.

Queensland has experienced significant growth in the renewable energy sector in recent years. Over 1,500 MW worth of projects have commenced operations, bringing more than \$3.1 billion worth of investment and more than 3,200 construction jobs. A further \$800 million worth of projects are under construction or committed, and are set to deliver another 1,000 MW of generation capacity by the end of 2019. These works will generate more than 820 construction jobs, and put Queensland on track to achieve the 50 per cent QRET by 2030.

Commercial services

Report

CleanCo Queensland Limited

In December 2018, CleanCo Queensland Limited (CleanCo) was established as the state's new renewable energy GOC.

CleanCo is a long-term structural solution to assist in the government's energy affordability objectives that will also offer renewables-focussed solutions to the energy market. CleanCo will improve competition in the wholesale electricity market, placing downward pressure on prices and increase system security and reliability.

With a mandate for securing 1,000 MW of renewable generation by 2025, CleanCo will help achieve Queensland's Renewable Energy Target of 50 per cent renewable energy by 2030.

On 31 October 2019, CleanCo will have a portfolio of the state's renewable and low-emission power generation assets and commence trading in the National Electricity Market (NEM). The foundation portfolio includes Wivenhoe Power Station and pumped storage hydro, Swanbank E, and the Barron Gorge, Kareeya and Koombooloomba power stations, transferred from CS Energy Limited and Stanwell Corporation Limited.

CleanCo will add to this foundation portfolio with new renewable energy generation assets over time, with government making an initial funding injection of \$250 million for CleanCo to build, own and operate renewable energy assets.

Treasury will drive forward with assisting CleanCo in its establishment while continuing to work with the state's existing energy generation businesses, Stanwell and CS Energy, to ensure they also have opportunities to be part of Queensland's renewable energy future alongside CleanCo.

Read more about CleanCo at cleancoqueensland.com.au/.

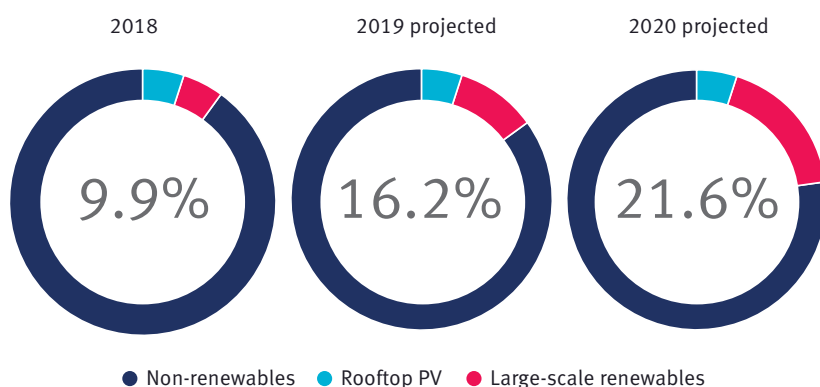
City Deals

City Deals are a mechanism of the Australian Government's Smart Cities Plan. They provide a new approach for all levels of government to work together to transform Australian cities. The Cities Transformation Taskforce in Treasury is leading the state's negotiations with the Australian Government and local governments on City Deals and Regional Deals.

As a consequence of the *TransformingSEQ: The South East Queensland City Deal Proposition* released by the Deputy Premier in early 2019, the Australian Government committed to negotiating an SEQ City Deal. A Statement of Intent was signed by local, state and the Australian Government. Negotiations for the agreement are expected to be finalised by mid-2020.

Australia's first City Deal was secured for Townsville. Throughout 2018–19, Treasury continued to work with the Australian Government and Townsville City Council on this deal. A formal review of the City Deal will begin by the end of 2019.

Queensland renewables output



Analysis

By the end of 2019, approximately 16.2 per cent of Queensland's electricity generation is expected to be comprised of renewables. This is expected to grow to 21.6 per cent by the end of 2020.



Jobs and Regional Growth Fund

Treasury works in partnership with the Department of State Development, Manufacturing, Infrastructure and Planning to deliver the Jobs and Regional Growth Fund, which creates jobs for Queenslanders and grows regional economies.

Nearly 1,000 operational jobs will be generated by fund-supported projects over the next five years. In 2018–19, the fund assessed and supported projects including:

- + NIOA's artillery shell forging plant in Maryborough, which will create up to 100 jobs when the facility is fully operational in 2022
- + Jimbour Beef and Bacon's new meat processing facility on the Western Downs, adding 35 new full-time jobs over the next three to four years
- + Laminex Australia's re-opening of the former Carter Holt Harvey timber processing plant in Gympie, securing continued employment for 42 local workers.

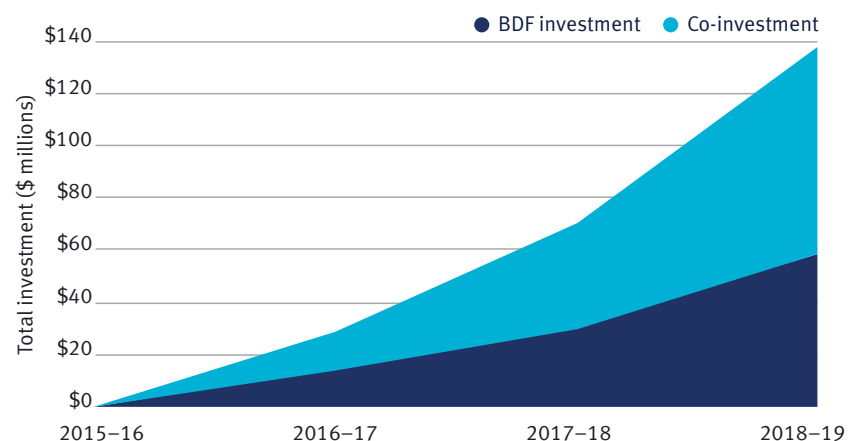
The 2019–20 Queensland Budget allocated a further \$25 million to the fund, taking its total to \$175 million.

Business Development Fund

The Business Development Fund is the government's \$80 million early stage and follow-on venture capital fund for growing innovative Queensland businesses.

During 2018–19, the fund invested \$28 million in businesses, with a further \$39 million secured in co-investment.

BDF and co-investment – total investment since inception



Analysis

BDF's leverage of private co-investment, combined with the fund's investment of \$59 million, resulted in nearly \$140 million in investment into innovative Queensland-based businesses since the fund's inception.

Investments included:

- + RedEarth Energy which develops and manufactures innovative solar storage batteries
- + Implicit Bioscience, a clinical-stage biotech drug development company focused on immunotherapy for a range of diseases
- + Cairns-based Didgigo, which seeks to further commercialise its tailored travel itinerary platform
- + Verton Technologies, which produces devices that increase the safety, productivity and efficiency of hoisting operations
- + Valti/Croomo, for its PrepL on-line interactive learner driver training module.

This brings the total amount invested by the fund to more than \$59 million, and more than \$79 million in co-investment since 2015–16.

Resources Regional Development Framework

Treasury makes a key contribution to securing resources investments under the Resources Regional Development Framework. This framework promotes investment in undeveloped or underdeveloped resource regions in Queensland including the Galilee and Surat Basins, and the North West Minerals Province. Proponents are required to provide jobs and common-user infrastructure, and to have a positive impact on the state's finances. Treasury works with applicants to determine their eligibility, and conducts detailed due diligence on both project and proponent, to ensure that the regions obtain the best possible outcomes under the framework.

Commercial services

Report

Land Restoration Fund

Treasury continues to work with the Department of Environment and Science to establish and implement the government's \$500 million Land Restoration Fund. The fund aims to:

- + facilitate a pipeline of qualifying Queensland-based carbon offset projects, including through private sector investment
- + pursue environmental and economic co-benefits as defined by the government
- + conduct research and development into emerging carbon farming areas where Queensland has a comparative advantage.

Financial provisioning for mining rehabilitation

From 2018, Treasury has led the implementation of the Financial Provisioning Scheme. This scheme will address the state's abandoned mine legacy by improving environmental and mine rehabilitation while reducing the financial risk to the State associated with the resource sector.

The focus during 2018–19 was on collaborating with stakeholder agencies, the resources sector and environment and community groups to deliver a functioning scheme and progress complementary reforms. Discussion papers were released on addressing the state's abandoned mines legacy, the management of other associated risks to the achievement of improved rehabilitation and the management of residual risks.

The scheme was formally established in April 2019 under the *Mineral and Energy Resources (Financial Provisioning) Act 2018*.

The sector is now transitioning to the new scheme, and the issuing of 'transitional' assessment notices has commenced. It is expected that approximately 38 per cent of environmental authorities will have been issued with a transition notice by the end of 2019–20, and the remainder will be progressively completed by 2022. Following transition, all applicable environmental authorities will be reassessed annually.

Looking forward:

- + Contributions to the Financial Provisioning Fund are expected to grow significantly over the three-year transition process, establishing a sustainable pool of funds to rehabilitate mining projects if an owner fails to.
- + Responsibility for the financial provisioning reforms will remain with Treasury. Other related reforms – including an improved abandoned mines program – will be implemented by the Department of Environment and Science and the Department of Natural Resources, Mines and Energy from 1 July 2019.

Build-to-Rent Pilot Project

Treasury is leading the Build-to-Rent Pilot Project, working with the private sector to deliver affordable rental housing for eligible low-to-moderate income earners and to establish and grow the Build-to-Rent sector in Queensland.

Build-to-Rent is a new residential property asset class for Queensland. Housing will be built and managed in areas within inner Brisbane by private sector owners. Investors will achieve returns from long-term rental income, rather than sales or capital growth.

Offering affordable housing within these developments can help ease housing stress for low-to-moderate income earners who work in the inner city yet can't afford inner-city rents. Build-to-Rent will deliver affordable housing against the targets established in the *Queensland Housing Strategy 2017–2027* and invigorate construction jobs and growth in the SEQ area.

Working with the Department of Housing and Public Works in 2018–19, the project has progressed to the Expressions of Interest phase.



Continued support for major infrastructure projects

During the year, Treasury continued supporting Building Queensland in developing detailed business cases for government investment decisions.

Treasury also had involvement in the delivery of major infrastructure projects with a number of government agencies, including:

- + Innovation, Tourism Industry Development and the Commonwealth Games to progress the Cairns and Gold Coast Global Tourism Hub projects, and on the delivery of the Queen's Wharf development in Brisbane
- + Housing and Public Works on the delivery of the Police counter-terrorism training centre
- + State Development, Manufacturing, Infrastructure and Planning on progressing the Advancing Our Cities and Regions strategy
- + Department of Education, with commercial advisory support for the scheduled periodic refinance of public-private partnership arrangements for various Queensland schools
- + project board and steering committee representation on a range of projects currently under delivery, including Toowoomba Second Range Crossing, Logan Motorway Enhancement Project, New Generation Rollingstock and Herston Quarter Redevelopment.

Support for these projects will continue throughout 2019–20.

Water for irrigation

Local management for irrigation schemes

During the year, Treasury supported the Department of Natural Resources, Mines and Energy in investigating the transfer of Sunwater's irrigation water channel distribution schemes to local ownership. The objective of local management is for irrigation customers to own and control the channel irrigation scheme on which their business relies.

The St George, Theodore and Emerald schemes transferred to local ownership during 2018–19 and Treasury will continue to support Natural Resources, Mines and Energy to potentially transfer the Eton scheme during the coming year.

Rural Irrigation Water Price Review

Irrigation water prices for 37 water supply schemes across Queensland are currently set until 30 June 2020. The Queensland Competition Authority (QCA), the state's independent economic regulator, began a review of irrigation pricing in October 2018. Throughout 2018–19, Treasury partnered with relevant agencies and stakeholders to progress the key policies that underpin the review. The QCA is to provide a draft report in August 2019, with the final report due by the end of January 2020.

In 2019–20, Treasury will work with Natural Resources, Mines and Energy to consider the QCA's recommendations, to allow government to make an informed decision on pricing for the period 2020 to 2024.

Cairns Shipping Development Project

The Far North Queensland Ports Corporation (Ports North) is delivering the \$127.6 million Cairns Shipping Development Project (CSDP) to deepen and widen the Cairns Port channel and upgrade ship berths and wharves. Dredging and construction for the project is expected to generate up to 2,700 direct and indirect jobs and allow for up to 103 additional cruise ship visits per year by 2031.

During the year, Treasury and the Department of Transport and Main Roads:

- + reviewed Building Queensland's detailed business case
- + progressed ministerial approvals for the project investment and arrangements for debt and equity funding.

Ports North's progress on the delivery of the project, due for completion in mid 2020, will be monitored over the coming year.

Commercial services

Report

Master Planning for the Priority Port of Gladstone and the Port of Townsville

Under Queensland's *Sustainable Ports Development Act 2015*, a Priority Port Master Plan must be finalised before capital dredging for expansion projects can commence within that Priority Port's boundary.

The Department of Transport and Main Roads is responsible for completing the Master Planning program for the Priority Ports of Gladstone, Townsville, Hay Point/Mackay and Abbot Point. Treasury assisted Transport and Main Roads, and Gladstone Ports Corporation (GPC) and Port of Townsville Limited (POTL) with input into long-term planning for future infrastructure and addressed public submissions on the draft and final Master Plans.

On 5 November 2018, the Minister for Transport and Main Roads approved the Final Master Plan for the Port of Gladstone. This will allow GPC to finalise other project approvals for the \$80 million Clinton Vessel Interaction Project. Also on 5 November 2018, a Draft Master Plan for the Priority Port of Townsville, a preliminary draft Port Overlay, and supporting materials were released for public consultation which closed on 17 December 2018.

Going forward, Treasury, Transport and Main Roads, POTL and GPC will continue developing and consulting with stakeholders on the Townsville Port Final Master Plan and Gladstone's Master Plan Port Overlay which contain the detailed planning regulations.

Townsville Port Channel Capacity Upgrade

The Queensland Government committed \$75 million towards the \$193 million Townsville Channel Capacity Upgrade to widen Townsville's shipping channel allowing larger ships access, facilitating future trade growth. This project will be delivered by the Port of Townsville.

After a Queensland Government request, on 4 September 2018, the Prime Minister announced the Australian Government's \$75 million funding commitment to the project.

Treasury will continue to work closely with Transport and Main Roads on final details for a National Partnership Agreement on funding for the various stages of the project.

Project delivery is being progressed by the Port of Townsville, which will also fund the balance of the project cost.

Queensland Competition Authority Declaration Review

QCA is reviewing whether services declared for third party access under the *Queensland Competition Authority Act 1997* should remain declared after the existing declarations expire in September 2020. The objective is to ensure that third party access to infrastructure is only applied where it is appropriate.

The services concerned are:

- + rail transport services on the Central Queensland Coal Network
- + rail transport services on the intrastate passenger and freight network operated by Queensland Rail

- + coal handling services at Dalrymple Bay Coal Terminal.

The QCA released draft recommendations in December 2018. It will make final recommendations to the Treasurer by March 2020. The Treasurer then has 90 days in which to make decisions about the services' declarations.

Treasury is actively monitoring the review and will support the Treasurer in the decision-making phase. Further information is available at www.qca.org.au.

Aurizon Network Access Undertaking

Rail transport services on Aurizon's central Queensland coal network are declared for third party access under the *Queensland Competition Authority Act 1997*.

This means that third parties can gain access to the coal network rail infrastructure to provide their own rail transport services. Access is provided to users on terms and conditions set out in the *Aurizon Network Access Undertaking 2017–21*, which was finalised on 21 February 2019.

On 3 May 2019, Aurizon Network announced that it had reached agreements with the majority of its customers on amendments to the undertaking and submitted a Draft Amending Access Undertaking (DAAU) to the QCA. The QCA is currently considering stakeholder submissions prior to making a final decision, which is expected later in 2019.



Queensland Productivity Commission Inquiries

Treasury is responsible for the strategic direction of the Queensland Productivity Commission, including its work program.

- + A key project in 2018–19 was the commission's Inquiry into Imprisonment and Recidivism, which began in September 2018. The inquiry examined how government resources and policies can be used to reduce imprisonment and recidivism and improve outcomes for the community over the medium and longer term.

The commission published a draft report in February 2019 and will provide a final report to the government in August 2019. The government will then prepare its response, which will be publicly released with the final report before February 2020.

- + In February 2019 the Queensland Government requested the QPC to monitor and report on any adverse pricing effects or behaviours from the operation of the Container Refund Scheme over its first 12 months. The scheme, introduced on 1 November 2018, allows people to take empty drink containers to a collection point for a refund, to help improve the overall recycling rate and reduce the amount of litter in Queensland. An issues paper was released in May 2019. The interim report will be delivered in August 2019 and the final report will be delivered to the government in February 2020.

Treasury will be working with other key departments in the development of the government's response to these inquiries.

Further information is available at www.qpc.qld.gov.au.

Northern Australia Infrastructure Facility

Treasury works with the Northern Australia Infrastructure Facility (NAIF) to pursue significant investment in infrastructure across North Queensland, including chairing a panel that manages the state's interest in NAIF. The panel assesses projects when they enter due diligence and again when an investment proposal is received from NAIF, to ensure they align with the state's interests.

Over the year, the NAIF Board made investment decisions for the following loans:

- + up to \$98 million to James Cook University for its Technology Innovation Complex in Townsville
- + up to \$50 million to Queensland Airports Limited to redevelop the Townsville Airport passenger terminal.

Objective

Partner proactively to facilitate better outcomes for the community

Cross River Rail

Cross River Rail is Brisbane's 10.2 kilometre underground rail link from Dutton Park to Bowen Hills. It will ease congestion, improve network reliability and increase accessibility to the Brisbane CBD.

During the year, procurement for Cross River Rail major works packages significantly advanced and early works became visible at sites around central Brisbane. The preferred bidders for the major works packages are:

- + Tunnel and station development – Pulse consortia. Delivering the tunnel and four new underground stations
- + Rail integration and systems – Unity. Design, supply and install the supporting rail system
- + European train control system – Hitachi Rail

Contract close with the Pulse consortia was achieved on 30 June 2019, with the completion of procurement for the other packages expected in mid 2019. Construction of major works is expected to commence by the end of 2019. The project is being managed by the Cross River Rail Delivery Authority through the Cross River Rail Delivery Authority Board, which includes the Under Treasurer.

Treasury will continue to support the finalisation of procurement processes and project delivery.

Construction of Cross River Rail is due to be completed by 2024. Read more at www.crossriversrail.qld.gov.au.

The Cross River Rail Delivery Authority publishes its own annual report.

Revenue management

Service report

Customers are the focus

To drive economic and jobs growth, and help fund services for Queenslanders, Treasury administers a revenue base of around \$16.9 billion by delivering and administering simple, efficient and equitable revenue management services for state taxes and royalty revenue. Additional responsibilities include revenue compliance, grant schemes, and debt recovery and enforcement activities for the state.

Treasury, through the Office of State Revenue (OSR), fulfils its revenue responsibilities by:

- + adopting leading e-business practices with high-level client support, and firm and fair enforcement
- + providing legislation and revenue policy advice to government
- + progressing online tools and services to support innovative business practices
- + developing and implementing targeted, fair and efficient debt enforcement strategies
- + leading end-to-end penalty debt management improvements through collaborative stakeholder engagement
- + using business intelligence and behavioural insights to inform debt recovery.

Key issues in our environment

Queensland's economic growth in 2019–20 is forecast to be 3 per cent.

This growth is underpinned by increased GST revenue from the Australian Government, as well as royalties. However, royalty revenue from coal is forecast to decline gradually over the two years to 2021–22.

Revenue from taxation is expected to increase at an average rate of 5.8 per cent over the four years to 2022–23:

- + A slight reduction in transfer duty revenue is expected in 2019–20, driven by a decline in the volume of residential property transactions over the first half of 2018–19. This revenue is forecast to then increase over the three years to 2022–23.
- + New land tax measures in the 2019–20 Queensland Budget are expected to increase land tax revenue during the year, and include:
 - + higher land tax rates for companies and trustees with aggregated landholdings over \$5 million
 - + an increase in the surcharge rate for absentee landowners
 - + a new surcharge for foreign companies and trustees from 1 July 2019.

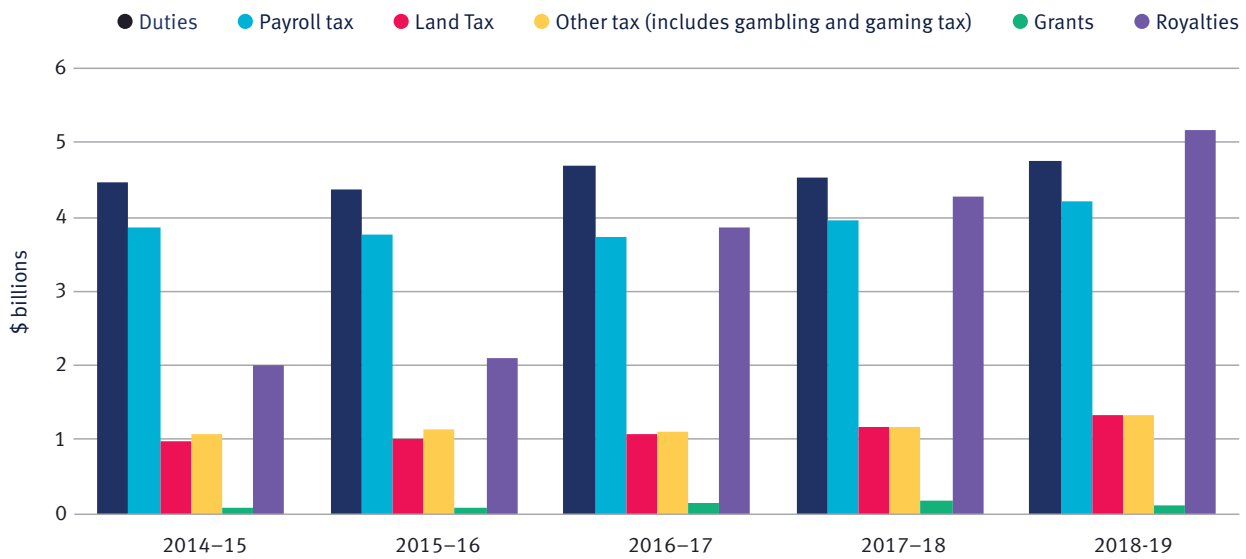
+ Payroll tax revenue is expected to grow in 2019–20 driven by wage and employment growth, along with the increased payroll tax rate for employers with annual taxable wages above \$6.5 million (from 1 July 2019). This is forecast to more than offset reduced revenue from budget initiatives of:

- + an increased payroll tax exemption threshold to \$1.3 million in annual taxable wages. This will mean 1,500 Queensland businesses will no longer have to pay this tax.
- + a discounted payroll tax rate for regional employers
- + a rebate for employers that demonstrate a net increase in full-time employees
- + an extension of the apprentices and trainees rebate.

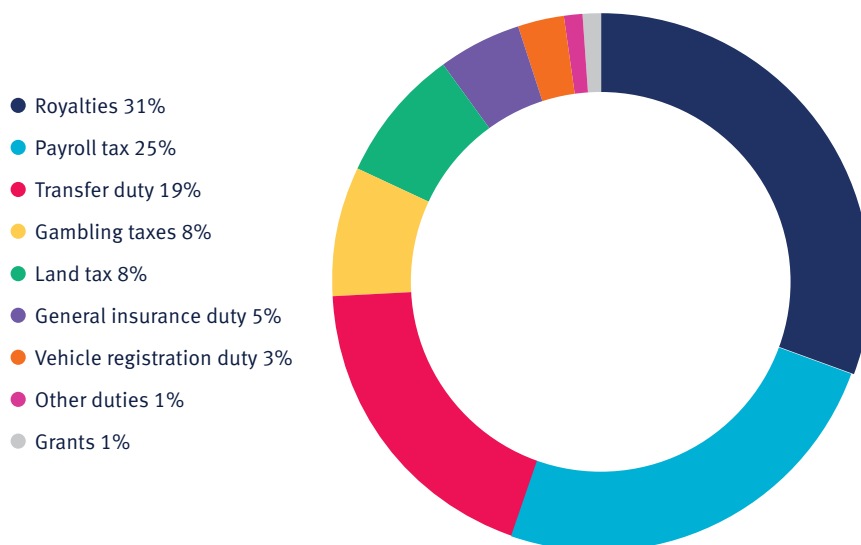
Royalty revenue is expected to grow in 2019–20 largely driven by increased petroleum royalty rates from 2019–20 onwards along with the increased royalty revenue from base and precious metals, which is expected to more than offset a decline in royalty revenue from coal. Total royalty revenue is expected to decrease in 2020–21 in line with coal prices gradually declining to medium-term levels by early 2021.



Total revenue administered by Office of State Revenue 2014–15 to 2018–19



Office of State Revenue administered revenue 2018–19



Revenue management

Service report

Objective

Ensure our services are tailored, fit-for-purpose and easy to access

During 2018–19, Treasury continued transforming its revenue management service, to deliver services and outcomes for taxpayers, staff, government and Queenslanders that are client centric, digitally enabled and data driven. This included:

- + extending OSR's intelligent virtual assistant Sam to all remaining revenue lines. From February 2018 to 30 June 2019, Sam has logged more than 17,300 taxpayer interactions, with over 80 per cent of enquiries being resolved at first contact.
- + delivering a new online portal for land tax, OSR Online, which allows land taxpayers to receive and pay assessments, claim exemptions, and have full transparency over their taxable landholdings. In the coming year, OSR Online will be extended across all revenue lines.
- + delivering a new business intelligence product to support all aspects of OSR's reporting. The product uses machine learning to deliver smart insights that identify and predict trends, and will allow OSR to quickly discover data patterns that will help drive improved business intelligence outcomes.
- + implementation of an enterprise data warehouse to enable OSR to realise the full value of its data in all analytics and intelligence related activities

- + using software solutions to deliver insights into taxpayer behaviours and drivers, enabling OSR to transform interactions with clients, leading to improved outcomes.

Objective

Partner proactively to facilitate better outcomes for the community

Treasury's approach to achieving better outcomes for the community in the field of penalty debt involves:

- + direct engagement and services that help people resolve their debt
- + firm measures for high-value debtors
- + options for people in hardship.

Transforming penalty debt management in this way has yielded positive results in 2018–19:

- + Growth in the debt pool fell from almost 15 per cent in 2015–16 to under 3 per cent in 2018–19. This is a strong result when compared to annual average growth rates of approximately 11 per cent over the past 15 years.
- + Debt finalisation has reached 97 per cent, well above the target of 85 per cent.
- + The State Penalties Enforcement Registry (SPER) achieved near-record collections of \$291 million in 2018–19. This is despite suspensions for Queenslanders impacted by natural disasters during that time.

- + The data enrichment program that began in February 2018 has resulted in the collection of \$33.15 million in debt.

Direct engagement to resolve penalty debt

SPER continued its outbound contact campaign initiatives in 2018–19, calling customers who had not paid their debt. Since its implementation in June 2016, around 62,000 customers have been called, resulting in the collection of \$32.4 million in debt.

SPER officers joined police on roadside operations such as random breath testing, drug testing and automatic number plate recognition to engage with people who have avoided their debts. Similar activities were undertaken with Queensland Rail, TransLink and police railway officers. These collaborative partnerships and initiatives increase SPER's visibility in the community and improve public perceptions of SPER.

During the year, SPER continued to lead the Penalty Debt Management Council, a collaboration of agencies to improve end-to-end penalty debt management across government. Through the council, SPER and the Department of Transport and Main Roads have agreed to prohibit vehicle registration transfer for vehicles under SPER enforcement action.

In the year ahead, SPER's focus will be on improving information sharing with penalty debt agencies.



Enforcement for high-value debtors

In the three years to 2018–19, Treasury has collected more than \$12.7 million in penalty debt through vehicle immobilisation (wheel clamping), seizure and sale (VISS). VISS is targeted towards people with higher value debt who can-but-won't pay.

This is an important enforcement measure, as it meets community expectations that penalty debt is resolved.

Options for people in hardship

While Queenslanders expect that most people will do the right thing and resolve their SPER debt quickly, some people are unable to pay due to genuine financial or other hardship.

Work and development orders (WDOs) allow people in hardship to resolve their debt through unpaid community work with government and community-based organisations, supervised by Queensland Corrective Services.

The WDO program is continuing to see positive results in enabling people in hardship to resolve their SPER debt.

Since WDOs began in December 2017, around 8,200 WDOs have been created, and around 2,800 have been completed. In the 19 months of the program to 30 June 2019, a total of \$7.6 million worth of debt has been resolved.

Objective

Enable sustainable growth that supports current and future government objectives

Each year, Treasury implements revenue initiatives designed to deliver a secure, sustainable revenue base to support the government's priorities for Queensland. These initiatives are increasingly supported by replacing repetitive, rule-based transactions with automated machine-based responses, and by improved data quality and analytics.

In 2018–19, OSR introduced several automation projects, which have saved more than 160 weeks of manual processing activity. One of these was the introduction of an enhanced debt management solution for all revenue lines. This will enable:

- + access to more client information in one location to better serve clients, for example, with itemised statements of their complete debt
 - + greater system flexibility for more targeted recovery actions that address high risk and high value matters more efficiently and effectively
 - + earlier interventions and tailored communications
- and a less rigid collection process.

Foreign landowners

From 2019–20, the land tax surcharge on absentee landowners increases from 1.5 per cent to 2 per cent and a 2 per cent surcharge will apply to foreign companies and trustees of foreign trusts.

These measures are forecast to result in an increase in revenue of \$131 million.

From 2019–20 the definition of absentee will also change so that Australian citizens and permanent residents living outside of Australia will no longer be considered absentees and will be exempt from the absentee surcharge.

Apprentice and trainee rebate

The Queensland Budget 2019–20 included an extension of the 50 per cent apprentice and trainee rebate for two more years.

First Home Owners' Grant

The First Home Owners' Grant helps Queenslanders buy their first home and helps stimulate the state's construction and related sectors. The grant applies to newly constructed houses, townhouses or units valued at less than \$750,000. During 2018–19, Treasury received 6,827 applications worth \$119 million.

Land tax – home exemption

In Queensland, landowners are entitled to apply for an exemption from land tax for the land they use as their home. In 2018–19, Treasury automated its processing of these exemptions and at least 50 per cent of home exemptions are now approved automatically. This means fewer follow-up inquiries by clients, and Treasury can redirect time saved to other service delivery activities.

Our financial position explained

Queensland Treasury's financial statements fall into two categories:

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

Analysis

In 2018–19, Queensland Treasury administered \$36.58 billion of revenue and \$5.84 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 \$19.28 billion, followed by state taxes of \$11.62 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 administered the Queensland First Home Owners' Grant on behalf of the State in 2018–19.

Treasury's controlled revenue consists principally of Parliamentary appropriations. In 2018–19, appropriation revenue allocated to services was \$241.39 million (compared with \$254.79 million in 2017–18).



Administered

Queensland Government Insurance Fund

The Queensland Government Insurance Fund (QGIF), administered by Treasury, is a self-insurance arrangement into which government agencies pay premiums intended to meet the cost of claims arising from incidents occurring in the premium year.

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 2019 was \$1,764 million, compared to \$1,267 million at 30 June 2018. 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.

Queensland Government Insurance Fund Financial Summary	30 June 2019 \$M	30 June 2018 \$M
Assets under investment	1,638.8	1,507.1
Provision for future liabilities	1,764.2	1,267.3
Premiums collected	191.2	191.3
Net claims paid	145.7	130.9
Fund operating expenses	5.4	5.1
Reinsurance expense	25.6	25.2
Reinsurance recoveries	-	2.9

Queensland Treasury administered revenue

	2018–19 Actual \$B	2017–18 Actual \$B
Commonwealth payments	\$19.28	\$19.86
State taxes, royalties and other State revenues	\$17.30	\$15.57

Royalties, state taxes, fees, levies and fines 2018–19

- Royalties \$5.18B
- Land tax \$1.34B
- Payroll tax \$4.20B
- Gaming taxes and other taxes \$1.24B
- Duties \$4.74B
- Fees, levies and fines \$0.33B



Administered revenue collected by Office of State Revenue increased 11.35% to \$17.04 billion in 2018–19

Total administered expenses by category 2018–19

- Superannuation benefit payments \$1.75B
- Finance costs \$1.31B
- Annual Leave Central Scheme \$1.83B
- Benefit payments \$0.13B
- Long service leave reimbursements \$0.45B
- Grants and subsidies \$0.03B
- Supplies and services \$0.15B
- All other expenses \$0.20B



Queensland Treasury Administered statement of comprehensive income for the year ended 30 June 2019

	Treasury Department Actual 2017–18 \$'000	Treasury Department Actual 2018–19 \$'000
Income from continuing operations		
Revenue		
Grants and other contributions	19,859,938	19,280,473
Taxes	10,818,926	11,617,135
User charges and fees	71,248	50,482
Royalties	4,263,206	5,183,244
Interest	35,580	33,299
Appropriation revenue	5,944,629	5,827,870
Other revenue	381,050	419,138
Total income from continuing operations	41,374,577	42,411,641
Expenses		
Supplies and services	157,855	151,943
Loss on receivables	88,014	25,959
Grants and subsidies	90,827	26,064
Benefit payments	205,737	130,976
Finance/borrowing costs	1,389,795	1,306,549
Superannuation benefit payments	1,720,696	1,747,067
Long service leave reimbursements	411,868	450,651
Annual Leave Central Scheme claims paid	1,716,867	1,829,207
Other expenses	221,018	169,546
Total expenses from continuing operations	6,002,676	5,837,962
Operating result for the year before transfers to government	35,371,901	36,573,679
Transfers of administered revenue to government	35,371,901	36,573,679
Total administered comprehensive income	..	..

Decrease is largely attributable to Queensland's decreased share in GST revenue and Commonwealth capital project payments, and disability services payments from Disability Care Australia Fund. This is partially offset by increased payments received for National Partnership agreements and increased indexation of Quality School funding, National Housing and Homelessness funding agreements.

Increase mainly relates to higher payroll tax revenue due to improved employment conditions in key industries, positive growth from transfer and insurance duties, and higher land tax revenue reflecting increases in land values leading to higher taxable value for taxpayers.

Decrease is mainly due to the machinery-of-government (MoG) transfer of the Office of Industrial Relations to the Department of Education effective 1 January 2018. This is partially offset by an increase in SPER fees.

Increase is due to the impact of higher oil prices in liquefied natural gas royalties and slightly higher coal prices and export volumes than in 2017–18.

Appropriation revenue is received from Consolidated Fund (CF) to fund administered expenses. Material variances in administered expenses are outlined below.

Decrease is mainly due to a reduction in the GST administration cost.

Decrease is mainly due to the finalisation of legal processing resulting in a debt write-off in 2017–18. This is partially offset by a reduction in the level of impairment reversal in SPER in 2018–19.

Decrease is due to the MoG transfer of the Back to Work Program to the Department of Employment, Small Business and Training effective 1 January 2018, and decrease of grant payments to the Cross River Rail Delivery Authority.

Decrease is attributable to lower volume of First Home Owner Grant payments and a decrease in the number of grants paid with the additional \$5,000.

Decrease predominantly relates to a reduction in the government debt pool interest. This is partially offset by increase in interest expense associated with advances from government-owned corporations.

This represents revenues collected on behalf of Queensland Government which are transferred to CF. Material variances in administered revenue are outlined above.



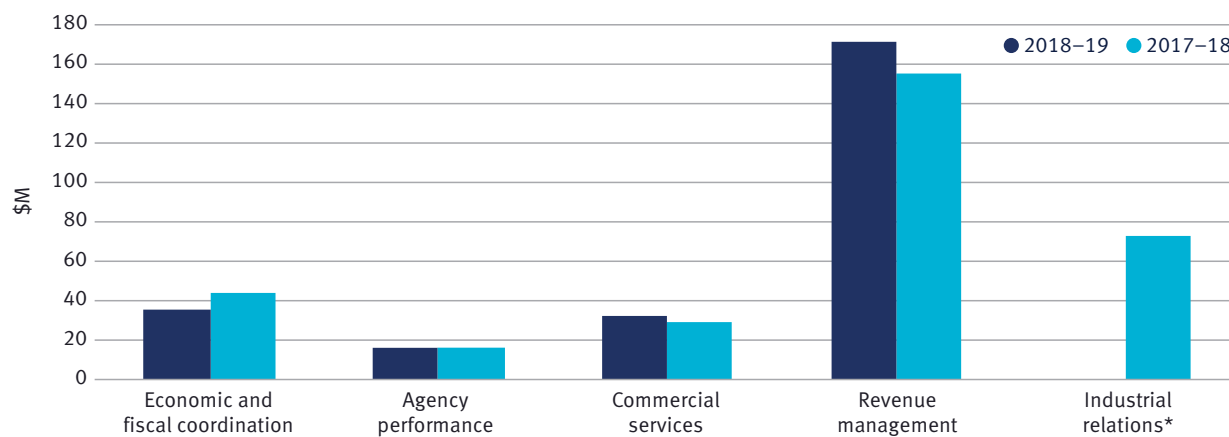
Controlled

Total expenses by category 2018–19

- Employee expenses \$110.68M
- Supplies and services \$111.57M
- Grants and subsidies \$7.55M
- Depreciation and amortisation \$3.55M
- Other \$31.54M



Total expenses by service 2018–19



*Industrial Relations transferred to Department of Education from 1 January 2018

Queensland Treasury-controlled key financial performance indicators

	2018–19 actual	2017–18 actual
Net cost of services funded by appropriation (\$M)	\$241.37	\$254.79
State funding as a percentage of total revenue	91%	78%
Fixed and intangible assets employed (\$M)	\$23.33	\$19.87
Net assets (\$M)	\$81.21	\$64.15

Queensland Treasury and controlled entity statement of comprehensive income for the year ended 30 June 2019

	Treasury Department Actual 2017-18 \$'000	Treasury Department Actual 2018-19 \$'000
Income from continuing operations		
Revenue		
Appropriation revenue	254,790	241,390
User charges and fees	18,051	9,518
Grants and other contributions	50,802	138
Other revenue	1,118	4,098
Gains		
Gain/(loss) on sale/fair value movement of investments	..	9,958
Total income from continuing operations	324,761	265,102
Expenses from continuing operations		
Employee expenses	156,349	110,675
Supplies and services	130,461	111,570
Grants and subsidies	10,979	7,548
Depreciation and amortisation	2,757	3,548
Other expenses	24,215	31,536
Total expenses from continuing operations	324,761	264,877
Operating result from continuing operations	..	225
Operating result for the year	..	225
Total comprehensive income	..	225

Decrease relates to full year impact of the MoG transfer of the Office of Industrial Relations (OIR) and Employment effective 1 January 2018. Also contributing is the return of a portion of proceeds from sale of the Property Exchange Australia Limited (PEXA) shares to CF via a reduction in appropriation. This is partially offset by funding required for CleanCo, OSR Transformation Program and Financial Assurance Framework Reforms and an increase in appropriation payable which is recognised as an expense rather than a reduction in appropriation.

Decrease is due to full year impact of the MoG transfer of OIR and a reduction in reimbursements from other departments for projects led by Treasury's Commercial group.

Decrease is due to the MoG transfer of OIR.

Increase is due to the proceeds from sale of the Department of Natural Resources, Mines and Energy portion of PEXA shares.

Reflects the gain on sale of Treasury's portion of the PEXA shares, partially offset by a fair value decrease associated with the Business Development Fund (BDF) investments.

Decrease is mainly due to the full year impact of the MoG transfer of OIR, partially offset by the impact of the State Wage Case increase.

Decrease is mainly due to the full year impact of the MoG transfer of OIR.

Increase predominantly relates to capital expenditure associated with the OSR Transformation program, partially offset by the full year impact of the MoG transfer of OIR.

Increase primarily relates to appropriation payable resulting from the re-profiling of a number of departmental projects and initiatives to future years, which is recognised as expenses instead of a reduction in appropriation in accordance with Section 3B.2 of the Financial Reporting Requirements.

Queensland Treasury and controlled entity statement of financial position for the year ended 30 June 2019

	Treasury Department Actual 2017-18 \$'000	Treasury Department Actual 2018-19 \$'000
Assets		
Cash	37,247	101,297
Receivables	7,004	5,751
Other	2,993	5,289
Financial assets	46,463	56,638
Intangibles	19,783	23,265
Property, plant and equipment	89	63
Total assets	113,579	192,303
Liabilities		
Payables	44,429	106,313
Accrued employee benefits	4,799	4,717
Other liabilities	197	67
Total liabilities	49,425	111,097
Net assets	64,154	81,206
Total equity	64,154	81,206

Increase is predominantly due to cash surety associated with the Financial Provisioning Scheme.

Decrease is mainly due to receivables associated with post MoG transactions at 30 June 2018 as a result of the MoG transfer of Market-Led Proposals and Employment functions.

Increase predominantly reflects an increase in prepayments for software products and services, including licences and subscriptions.

Increase reflects additional investment in the BDF, partially offset by the sale of PEXA shares.

Increase predominately reflects capital expenditure associated with OSR Transformation Program and the Financial Provisioning Scheme, partially offset by amortisation expense for 2018-19.

Decrease reflects depreciation recognised during 2018-19.

Increase predominately relates to a payable to Environmental Authority holders relating to cash surety held under the Financial Provisioning Scheme. Also contributing is an increase in appropriation payable.

Decrease is due to a decrease in unearned revenue resulting from clients transitioning to new survey software programs.

Increase is predominantly due to equity injections for additional investment in BDF and capital expenditure for the OSR Transformation Program and the Financial Provisioning Scheme. This is partially offset by the return to CF of a portion of PEXA sale proceeds via an equity withdrawal.



Financial statements

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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 and Forming Part of the Financial Statements.

In addition, Queensland Treasury (Treasury) administers transactions and balances in a trust or fiduciary capacity. These are identified in notes 50–52.

Queensland 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



		Consolidated Entity		Parent Entity				
		2019	2018	2019	2019	2019	2018	
		Actual	Actual	Actual	Published Budget	Budget Variance*	Actual	
Notes		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Income from continuing operations								
	Appropriation revenue	3	241,390	254,790	241,390	247,646	(6,256)	254,790
	User charges and fees	4	9,518	18,051	9,518	8,839	679	18,051
	Grants and other contributions	5	138	50,802	138	..	138	50,802
	Interest revenue	6	11,097	15,685	205	..	205	..
	Dividends received		13,457	12,578	..	..	..	..
	Other revenue		6,242	1,499	3,893	480	3,413	1,118
Total revenue			281,842	353,405	255,144	256,965	(1,821)	324,761
	Gain/(loss) on sale/fair value movement of investments	7	77,679	(56,574)	9,958	..	9,958	..
Total income from continuing operations			359,521	296,831	265,102	256,965	8,137	324,761
Expenses from continuing operations								
	Employee expenses	8	110,675	156,349	110,675	121,383	(10,708)	156,349
	Supplies and services	9	111,570	130,461	111,570	120,015	(8,445)	130,461
	Grants and subsidies	10	7,548	10,979	7,548	2,822	4,726	10,979
	Depreciation and amortisation		3,548	2,757	3,548	8,698	(5,150)	2,757
	Borrowing costs		5,683	6,102	..	..	..	..
	Other expenses	11	32,625	25,295	31,536	4,047	27,489	24,215
Total expenses from continuing operations before tax			271,649	331,943	264,877	256,965	7,912	324,761
Operating result from continuing operations before income tax expense			87,872	(35,112)	225	..	225	..
	Income tax expense/(benefit)	12	28,089	(12,523)	..	..	..	..
Operating result for the year			59,783	(22,589)	225	..	225	..
Total comprehensive income			59,783	(22,589)	225	..	225	..

* An explanation of major variances is included at Note 28.

The accompanying notes form part of these statements.

			Consolidated Entity		Parent Entity			
			2019	2018	2019	2019	2019	2018
			Actual	Actual	Actual	Published Budget	Budget Variance*	Actual
Notes			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets								
	Cash and cash equivalents	13	194,887	120,270	101,297	11,780	89,517	37,247
	Receivables	14	12,043	12,812	5,751	5,644	107	7,004
	Lease receivables	15	8,570	8,665	..	..	..	..
	Other financial assets	16	296,601	237,830	..	..	..	..
	Other assets		5,580	3,274	5,289	3,083	2,206	2,993
Total current assets			517,681	382,851	112,337	20,507	91,830	47,244
Non-current assets								
	Receivables	14	38,165	94,440	..	..	..	..
	Lease receivables	15	104,391	112,961	..	..	..	..
	Other financial assets	16	133,471	46,463	56,638	66,832	(10,194)	46,463
	Property, plant and equipment		63	89	63	29	34	89
	Intangibles	17	23,265	19,783	23,265	13,551	9,714	19,783
Total non-current assets			299,355	273,736	79,966	80,412	(446)	66,335
Total assets			817,036	656,587	192,303	100,919	91,384	113,579
Current liabilities								
	Payables	18	102,360	39,916	98,800	10,357	88,443	39,455
	Accrued employee benefits		4,717	4,799	4,717	4,479	238	4,799
	Other current liabilities	19	417	539	67	273	(206)	197
	Interest bearing liabilities	21	8,570	8,665	..	..	..	..
Total current liabilities			116,064	53,919	103,584	15,109	88,475	44,451
Non-current liabilities								
	Payables	18	7,513	4,974	7,513	4,905	2,608	4,974
	Other non current liabilities	19	1,694	2,039	..	..	..	..
	Deferred tax liabilities	20	33,808	8,944	..	..	..	..
	Interest bearing liabilities	21	104,391	112,961	..	..	..	..
Total non-current liabilities			147,406	128,918	7,513	4,905	2,608	4,974
Total liabilities			263,470	182,837	111,097	20,014	91,083	49,425
Net assets			553,566	473,750	81,206	80,905	301	64,154
Equity								
	Accumulated surplus		437,508	333,704	59,561	19,966	39,595	18,521
	Contributed equity		116,058	140,046	21,645	60,939	(39,294)	45,633
Total equity			553,566	473,750	81,206	80,905	301	64,154

* An explanation of major variances is included at Note 28.

The accompanying notes form part of these statements.



	Notes	Consolidated Entity		Parent Entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Accumulated surplus					
Balance 1 July		333,704	366,293	18,521	18,521
Adjustment to opening balance - transition to AASB 9		55,984		40,815	
Operating result from continuing operations		59,784	(22,589)	225	..
Dividend paid – Type A shareholders		(11,964)	(10,000)	..	..
Balance 30 June		437,508	333,704	59,561	18,521
Contributed equity					
Balance 1 July		140,046	137,541	45,633	43,128
Transactions with owners as owners:					
Appropriated equity injections	3	51,644	37,529	51,644	37,529
Appropriated equity withdrawals	3	(4,425)	(20,733)	(4,425)	(20,733)
Non appropriation equity withdrawal		(71,207)	(3,691)	(71,207)	(3,691)
Net assets transferred in/(out) - Machinery of Government, (Office of Industrial Relations)*		..	(10,600)	..	(10,600)
Balance 30 June		116,058	140,046	21,645	45,633
Total equity		553,566	473,750	81,206	64,154

* Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland state public sector entities as a result of machinery-of-government (MoG) changes are adjusted to 'Contributed equity' in accordance with Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities. Equity adjustments are similarly designated, refer note 2(c).

The accompanying notes form part of these statements.

	Consolidated Entity		Parent Entity			
	2019	2018	2019	2019	2019	2018
	Actual	Actual	Actual	Published Budget	Budget Variance*	Actual
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
Inflows						
Appropriation receipts	222,692	238,846	222,692	245,941	(23,249)	238,846
Surety receipts from Financial Provisioning Scheme	52,548	..	52,548	..	52,548	..
Grants and other contributions	..	50,663	..	..	..	50,663
User charges and fees	11,250	23,630	11,202	13,662	(2,460)	23,582
GST input tax credits from Australian Taxation Office (ATO)	14,245	13,731	13,327	..	13,327	13,007
Dividends received	13,457	12,578	..	..	..	..
Interest received	8,089	7,990	134	..	134	..
Other	3,892	1,122	3,892	6,684	(2,792)	1,122
Outflows						
Employee expenses	(110,983)	(157,529)	(110,983)	(121,383)	10,400	(157,529)
Supplies and services	(131,141)	(132,918)	(130,082)	(124,785)	(5,297)	(131,858)
Grants and subsidies	(7,548)	(10,979)	(7,548)	(2,822)	(4,726)	(10,979)
GST remitted to ATO	(1,436)	(2,028)	(713)	..	(713)	(1,304)
Interest paid	(5,683)	(6,102)	..	..	..	..
Income tax paid	(2,453)	(3,045)	..	..	..	..
Other	(3,391)	(5,006)	(3,391)	(8,870)	5,479	(5,006)
Net cash provided by/(used in) operating activities	63,538	30,953	51,078	8,427	42,651	20,544
Cash flows from investing activities						
Inflows						
Proceeds from sale of land	23,036	..	..	..	..	..
Lease payments received	1,351	1,288	..	..	..	..
Proceeds from investments	66,597	5,500	60,597	..	60,597	..
Novation payments received	7,314	7,472	..	..	..	..
Outflows						
Payments for property, plant and equipment	..	(312)	..	..	..	(312)
Payment for partial surrender of long-term lease	(18,965)	..	..	..	..	..
Payments for investments	(20,000)	(20,000)	(20,000)	(20,000)	..	(20,000)
Payments for intangibles	(7,002)	(13,542)	(7,002)	(6,125)	(877)	(13,542)
Net cash provided by/(used in) investing activities	52,331	(19,594)	33,595	(26,125)	59,720	(33,854)
Cash flows from financing activities						
Inflows						
Equity injections	51,644	37,529	51,644	31,587	20,057	37,529
Outflows						
Repayment of borrowings	(8,665)	(8,759)	..	..	..	..
Dividend paid	(11,964)	(10,000)	..	..	..	..
Equity withdrawals	(72,267)	(24,424)	(72,267)	(14,178)	(58,089)	(24,424)
Net cash provided by/(used in) financing activities	(41,252)	(5,654)	(20,623)	17,409	(38,032)	13,105
Net increase/(decrease) in cash and cash equivalents	74,617	5,705	64,050	(289)	64,339	(205)
Cash and cash equivalents at beginning of financial year	120,270	130,229	37,247	12,069	25,178	53,116
Cash transfers from restructure	..	(15,664)	..	..	..	(15,664)
Cash and cash equivalents at end of financial year	194,887	120,270	101,297	11,780	89,517	37,247

* An explanation of major variances is included at Note 28.

The accompanying notes form part of these statements.



	Consolidated Entity		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Operating surplus/(deficit)	59,783	(22,589)	225	..
Impairment expense	..	370	..	370
(Gain)/loss on shares – unrealised	(67,721)	56,574	..	..
(Gain)/loss on shares – realised	(13,323)	=	(13,323)	..
Interest – loans and receivables	(2,923)	(7,687)	..	..
Net proceeds on disposal of land	(4,071)	=	..	..
Amortisation of unearned income	(338)	(333)	..	..
Depreciation/amortisation expense	3,548	2,757	3,548	2,757
Change in assets and liabilities:				
(Increase)/decrease in receivables	1,949	2,926	1,253	2,242
(Increase)/decrease in other assets	(2,296)	972	(2,296)	932
(Increase)/decrease in payables	61,883	7,524	61,883	7,524
(Increase)/decrease in accrued employee benefits	(82)	(4,311)	(82)	(4,311)
(Increase)/decrease in other current liabilities	1,493	(911)	(130)	(198)
Increase/(decrease) in tax provision	772	25	..	..
Increase/(decrease) in deferred tax liability	24,864	(15,592)	..	..
Adjustment to various assets and liabilities due to MoG (non-cash items)	..	11,228	..	11,228
Net cash provided by/(used in) operating activities	63,538	30,953	51,078	20,544

**Controlled Reconciliation of Liabilities Arising from Financing Activities
as at 30 June 2019**

	Notes	Consolidated Entity [^]					
		Non-cash changes			Cashflows		Closing balance 2019 \$'000
		Closing balance 2018 \$'000	Transfers to/(from) other Queensland government entities \$'000	New leases acquired \$'000	Other	Cash received \$'000	Cash repayments \$'000
Current/non-current liabilities							
Interest bearing liabilities	21	121,626	..	..	..	..	(8,665)
		121,626	..	..	..	..	(8,665)

[^]There are no liabilities arising from Financing Activities in the Parent Entity accounts.

**Controlled Reconciliation of Liabilities Arising from Financing Activities
as at 30 June 2018**

	Notes	Consolidated Entity [^]					
		Non-cash changes			Cashflows		Closing balance 2018 \$'000
		Closing balance 2017 \$'000	Transfers to/(from) other Queensland government entities \$'000	New leases acquired \$'000	Other	Cash received \$'000	Cash repayments \$'000
Current/non-current liabilities							
Interest bearing liabilities	21	130,385	..	..	..	..	(8,759)
		130,385	..	..	..	..	(8,759)

[^]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 2019

	Economic and Fiscal Coordination		Agency Performance		Commercial Services		Revenue Management		Industrial Relations *		General – not attributed**		Inter-service/ activity eliminations		Queensland Treasury	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Income from continuing operations *																
Revenue																
Appropriation revenue	16,735	38,789	16,369	16,965	36,733	27,113	168,063	151,493	..	16,853	3,490	3,577	..	..	241,390	254,790
User charges and fees	5,539	5,986	407	330	845	1,942	4,045	3,879	..	6,957	244	617	(1,562)	(1,660)	9,518	18,051
Grants and other contributions	25	25	12	11	15	10	79	86	..	50,663	7	7	..	..	138	50,802
Interest Revenue	..	..	..	..	205	..	..	..	..	..	..	..	..	..	205	..
Other revenue	2,988	65	43	36	31	47	816	653	..	283	15	34	..	..	3,893	1,118
Total revenue	25,287	44,865	16,831	17,342	37,829	29,112	173,003	156,111	..	74,756	3,756	4,235	(1,562)	(1,660)	255,144	324,761
Gain/(loss) on sale/fair value movement of investments	13,323	..	..	..	(3,365)	..	..	..	..	..	..	..	..	..	9,958	..
Total income from continuing operations	38,610	44,865	16,831	17,342	34,464	29,112	173,003	156,111	..	74,756	3,756	4,235	(1,562)	(1,660)	265,102	324,761
Expenses from continuing operations *																
Employee expenses	22,914	22,456	11,810	10,368	10,636	10,775	63,874	61,604	..	49,274	1,441	1,881	..	(9)	110,675	156,349
Supplies and services	11,159	13,605	3,868	3,889	13,561	11,575	82,554	81,731	..	19,423	1,990	1,889	(1,562)	(1,651)	111,570	130,461
Grants and subsidies	38	3,707	18	17	7,358	2,046	123	124	..	5,075	11	10	..	..	7,548	10,979
Depreciation and amortisation	155	227	73	121	161	159	3,114	1,403	..	732	45	115	..	..	3,548	2,757
Other expenses	4,335	4,870	1,056	2,947	2,538	4,557	23,338	11,249	..	252	269	340	..	..	31,536	24,215
Total expenses from continuing operations	38,601	44,865	16,825	17,342	34,254	29,112	173,003	156,111	..	74,756	3,756	4,235	(1,562)	(1,660)	264,877	324,761
Total comprehensive income	9	..	6	..	210	..	..	..	..	..	..	..	..	..	225	..

* Allocation of income and expenses to corporate services (disclosure only). Industrial Relations is no longer a continuing operation of Treasury.

Income	7,326	6,819	3,579	3,133	3,442	2,978	23,754	19,249	..	39	2,143	2,094	..	..	40,244	34,312
Expenses	7,326	6,819	3,579	3,133	3,442	2,978	23,754	19,249	..	39	2,143	2,094	..	..	40,244	34,312

** 2019 and 2018 include corporate support allocated to Motor Accident Insurance Commission, Nominal Defendant and National Injury Insurance Agency Queensland (NIIAQ).

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.

	Economic and Fiscal Coordination*			Agency Performance*		Commercial Services*		Revenue Management*		General – not attributed**		Queensland Treasury	
	2019 \$'000	2018 \$'000		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current assets													
Cash assets	30,078	21,741		881	1,203	54,855	1,886	9,750	12,098	5,733	318	101,297	37,247
Receivable	1,136	1,958		145	91	529	1,778	2,080	1,922	1,860	1,255	5,751	7,004
Other assets	140	44		..	..	..	..	3,473	2,254	1,677	694	5,289	2,993
Total current assets	31,354	23,743		1,026	1,294	55,384	3,664	15,303	16,274	9,270	2,269	112,337	47,244
Non-current assets													
Property, plant and equipment	2	5		..	..	..	..	61	84	..	..	63	89
Intangible assets	..	..		..	..	2,406	980	19,400	16,510	1,459	2,293	23,265	19,783
Other Financial assets	..	..		..	..	56,638	39,630	..	6,833	..	..	56,638	46,463
Total non-current assets	2	5		..	..	59,044	40,610	19,461	23,427	1,459	2,293	79,966	66,335
Total assets	31,356	23,748		1,026	1,294	114,428	44,274	34,764	39,701	10,729	4,562	192,303	113,579
Current liabilities													
Payables	28,938	19,751		56	30	59,048	2,835	7,220	12,167	3,538	4,672	98,800	39,455
Accrued employee benefits	761	777		389	352	375	464	2,072	2,082	1,120	1,124	4,717	4,799
Other current liabilities	..	197		..	..	..	..	..	..	67	..	67	197
Total current liabilities	29,699	20,725		445	382	59,423	3,299	9,292	14,249	4,725	5,796	103,584	44,451
Non-current liabilities													
Payables	..	..		..	..	..	..	..	..	7,513	4,974	7,513	4,974
Total non-current liabilities	..	..		..	..	..	..	..	..	7,513	4,974	7,513	4,974
Total liabilities	29,699	20,725		445	382	59,423	3,299	9,292	14,249	12,238	10,770	111,097	49,425
Net assets	1,657	3,023		581	912	55,005	40,975	25,472	25,452	(1,509)	(6,208)	81,206	64,154

* 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 statement preparation

(a) Statement of compliance

Treasury has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

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 Treasurer's Financial Reporting Requirements for the year beginning 1 July 2018 and other authoritative pronouncements.

(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 entities. 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 entities that it controls. Details of Treasury's controlled entities are disclosed in note 24.

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 Flow, 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 Federal Government grants, state taxes, royalties and State Penalties Enforcement Registry (SPER) fines. In doing so, it is responsible and accountable for administering related transactions and items, 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.

(d) Licence fee receivable

The QTH consolidated entity carries licence fee receivable as a financial asset at fair value through profit and loss. The fair value of licence fee receivable is based on a 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, the QTH consolidated entity made an upfront payment of \$121 million to BPH for the rights to these cash flows using funds provided from Queensland Treasury Corporation (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 licence 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 takes into account the risks and uncertainties which exposes the QTH consolidated entity 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 (refer note 14 and 16).

(e) 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 ATO are recognised and accrued.

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

The QTH controlled entity falls under the Taxation of Financial Arrangements (TOFA) legislation and applies the default realisation and accrual methods.



1 Basis of financial statement preparation (continued)

(f) 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 2017-18 financial statements.

(g) 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.

(h) Accounting estimates and judgements

Estimates and assumptions that have a potential significant effect are outlined in the following notes and categories on the face of the statements:

- notes 14 and 40 (Allowance for impairment)
- note 16 (Allowance for impairment and Fair Value)
- notes 23 and 45 (Contingencies)
- note 27 (g) (Financial Instruments Fair Value)
- note 46 (e) (Financial Instruments Fair Value)

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.

(i) First year application of new accounting standards or change in accounting policy

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

Treasury applied AASB 9 *Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continue to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*. The adjustment to the accounts on initial application are recognised in the opening accumulated surplus at 1 July 2018. The nature and effect of the changes as a result of the adoption of this new accounting standard are described below.

1.) Classification and measurement

Under AASB 9, debt instruments are categorised into one of three measurement bases – amortised cost, fair value through profit and loss (FVTPL), or fair value through other comprehensive income (FVOCI). The classification is based on two criteria:

- whether the financial asset's contractual cash flows represent 'solely payments of principal and interest', and
- the department's business model for managing the assets

A summary of the changes in the classification and measurement categories from AASB 139 to AASB 9 is shown below:

AASB 139 measurement category	AASB 9 measurement category (Balances at 1 July 2018)			
	Balances at 30 June 2018 \$'000	Amortised Cost \$'000	Fair value through OCI \$'000	Fair value through Profit and Loss \$'000
Loans and receivable				
- Licence fee receivable	52,714	..	..	67,883
Equity investments at cost				
- Investment in shares held in unlisted company	6,833	..	..	47,275
- QIC Investment - Business Development Fund	39,630	..	..	40,003
	99,177	..	..	155,161

QTH's licence fee receivable which is disclosed in Note 16 was classified as Loans and Receivables as at 30 June 2018 (under AASB 139) and were measured at amortised cost. These receivables are recognised at FVTPL beginning 1 July 2018 as the contractual cash flows are not solely for payments of principal and interest. The adjustment in opening accumulated surplus is the difference between the amortised cost and fair value, calculated as the discounted present value of the estimated cash flows as at 1 July 2018.

1 Basis of financial statement preparation (continued)

(i) First year application of new accounting standards or change in Accounting policy (continued)

	2018 \$'000
Consolidated entity	
Licence fee receivable (gross) - 30 June 2018 under AASB 139	121,249
Interest revenue - accumulated	67,318
Impairment expense - accumulated	(135,853)
Licence fee receivable (net) as at 30 June 2018, under AASB 139	52,714
Amount recognised in opening accumulated surplus	15,169
Licence fee receivable (net) as at 1 July 2018, under AASB 9	67,883

Equity instruments within the scope of AASB 9 are measured at FVTPL, with the exception that an equity instrument not held for trading can be irrevocably designated at FVOCI.

Treasury's equity investment includes investment in shares held in an unlisted company and investment in the Business Development Fund (BDF) as disclosed in Note 16. The equity investments were carried at cost under AASB 139 including impairment for BDF. Treasury has recognised the investments at FVTPL beginning 1 July 2018. Treasury intends to hold on to the investment in the BDF for the foreseeable future. The adjustment arising from the difference between the cost and fair value as at 1 July 2018 are presented below:

Financial Assets	Balance (gross) 30 June 2018 under AASB 139	Allowance for impairment	Balance (net) 30 June 2018 under AASB 139	Adjustment recognised in opening accumulated surplus	Balance, 1 July 2018 under AASB 9
	\$'000	\$'000	\$'000	\$'000	\$'000
Investments in shares held in unlisted company	6,833	..	6,833	40,442	47,275
QIC Investment - Business Development Fund	40,000	(370)	39,630	373	40,003
	46,833	(370)	46,463	40,815	87,278

2.) Impairment

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at FVTPL.

On adoption of AASB 9's new impairment model, Treasury has recognised a reduction in the impairment losses of \$6.512 million relating to administered receivables which resulted in an increase in the opening net administered assets. Below is a reconciliation of the ending impairment allowance under AASB 139 to the opening loss allowance under AASB 9.

AASB 139 measurement category	AASB 9 measurement category	Impairment allowance 30 June 2018	Re-measurement	Loss allowance 1 July 2018
	\$'000	\$'000	\$'000	\$'000
Loans and receivables				
- Debtors (Administered)	Amortised Cost	(390,258)	6,512	(383,746)
		(390,258)	6,512	(383,746)



1 Basis of financial statement preparation (continued)

(j) Future impact of Accounting Standards not yet effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future commencement dates are set out below:

AASB 1058 *Income of Not-for-Profit Entities* and AASB 15 *Revenue from Contracts with Customers*

These standards will first apply to Treasury from its financial statements for 2019-20. Treasury has reviewed the impact of AASB 15 and AASB 1058 and there will be no significant change in the revenue recognition for existing revenues. Majority of the revenues in the controlled book will be recognised under AASB 15 and will continue to be recognised as revenue once control has passed to the customer. Administered revenue such as taxes, fees, fines and royalties are recognised under legislative arrangements which falls within the scope of AASB 1058 (refer to Note 30 and 31 for revenue recognition criteria). Appropriations revenue in the controlled and administered books are recognised when received under AASB 1058.

Treasury will consider new disclosure requirements under AASB 1058 applicable to administered taxes and fines income which requires inclusion of additional commentary on how disaggregated income is affected by economic factors.

AASB 16 *Leases*

This standard will first apply to Treasury from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

Under AASB 16 the majority of the operating leases will be reported on the statement of financial position as right-of-use assets (representing rights to use the underlying leased asset) and lease liabilities (representing the obligation to make lease payments) unless the lease has a term of less than 12 months and the underlying assets are of low value.

Treasury has completed its review of the impact of adoption of AASB 16 on the statement of financial position and statement of comprehensive income. Treasury's current lease commitments under AASB 16 are exempt as they have substantial substitution rights, are low value or short-term leases exempted under AASB 16.

During the 2018-19 financial year, Treasury held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO). Lease payments under this arrangement totalled \$11.495 million per annum. Treasury had been advised by DHPW and Treasury Financial Management Division that effective 1 July 2019, amendments to the framework agreement that govern QGAO will result in the arrangements being exempt under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation. From 2019-20 onwards, costs for these services will continue to be recognised as supplies and services expense when incurred.

Assets and liabilities relating to the straight-lining of existing operating leases shall be derecognised against opening accumulated surplus on transition. Outstanding liabilities relating to straight-lining of leases for Treasury amounting to \$7.513 million (*refer Note 18*) will be derecognised as at 1 July 2019 against opening accumulated surplus.

Treasury has also been advised that effective 1 July 2019, motor vehicles provided under DHPW's QFleet program will be exempt from lease accounting under AASB 16. This is due to DHPW holding substantive substitution rights for vehicles provided under the scheme. From 2019-20 onward, costs for these services will continue to be recognised as supplies and services expense when incurred.

The QTH consolidated entity has conducted a review of the impact of adopting AASB 16 on the balance sheet and statement of comprehensive income. The results of this review are being assessed with the impacts yet to be agreed.

2 Objectives and major activities of the department

Treasury's vision is to grow the Queensland economy and improve the wellbeing of all Queenslanders. It aims to support this through providing the government with trusted, impartial advice on state finances and the economy, innovative revenue and commercial services and support for fair, safe and productive workplaces. This includes managing the state's finances in line with the government's fiscal principles listed in the *Charter of Fiscal Responsibility*.

Treasury's strategic objectives are to:

- enable sustainable growth that supports current and future government objectives
- partner proactively to facilitate better outcomes for the community
- ensure our services are tailored, fit-for-purpose and easy to access
- develop a capable and flexible workforce that can lead in policy development and service delivery

Details on Treasury's departmental service areas can be viewed in the department's Budget Paper 5 – Service Delivery Statements – Treasury, at budget.qld.gov.au/budget-papers/#budget-paper-5

(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) New Initiative - Financial Provisioning Scheme

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 will manage 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 (Fund); and/or
- Surety - can be in the form of cash or non-cash (a financial institution undertaking in the forms of 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 Financial Provisioning 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.

In April 2019, financial assurance held by the Department of Natural Resources, Mines and Energy and Department of Environment and Science was transferred to the Scheme Manager within Queensland Treasury as below:

- Cash Surety \$46.983 million
- Non-cash Surety \$8,240.796 million

All balances/transactions relating to the Fund are reported in the Financial Statements.

No risk allocation decisions under the MERFP Act had been completed by the Scheme Manager by 30 June 2019. Therefore, the Financial Provisioning Fund did not receive any assessment fees or contributions in the reporting period.



2 Objectives and major activities of the department (continued)

(b) New Initiative - Financial Provisioning Scheme (continued)

Balances/transactions relating to Surety are reported either in the Financial Statements or disclosed as contingencies.

- Cash surety is reported as Cash asset (refer note 13) with a corresponding Payable to the holders (refer note 18) in the Financial Statements, as the Fund obtains the interest benefit from the cash surety held.
- Non-cash surety is disclosed in the contingency note (refer note 23). 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 (refer note 23).

(c) Machinery-of-government changes 2017-18 (not continuing operations of Treasury)

The following transfers, based on the *Administrative Arrangements Order (No.4 2017)* dated 21 December 2017 were made effective on 1 January 2018 and are no longer continuing operations of Treasury. These items are included in the Financial Statements to show the 2017-18 comparatives only:

	Transferring area					Transferring to/(from)				
	1	2	3	4	Total	1	2	3	4	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	1	2	3	4	Total	1	2	3	4	Total
Current assets										
Cash assets	14,959	705	..	..	15,664	8,408	..	..	..	..
Receivables	13,942	34	..	..	13,976	..	..	..	..	8,408
Other assets	974	..	..	..	974	..	..	..	..	..
Total current assets	29,875	739	..	..	30,614	8,408	..	..	..	8,408
Non-current assets										
Other financial assets	..	..	..	..	..	..	..	..	..	..
Intangible assets	2,322	..	..	..	2,322	..	..	..	..	..
Property, plant and equipment	3,844	..	..	..	3,844	..	..	..	..	..
Total non-current assets	6,166	..	..	..	6,166	..	..	..	..	..
Total assets	36,041	739	..	..	36,780	8,408	..	..	..	8,408
Current liabilities										
Payables	6,343	677	..	..	7,020	8,408	..	..	..	8,408
Accrued employee benefits	4,568	62	..	..	4,630	..	..	..	..	..
Other current liabilities	13,829	..	..	..	13,829	..	..	..	..	..
Total current liabilities	24,740	739	..	..	25,479	8,408	..	..	..	8,408
Non-current liabilities										
Payables	701	..	..	..	701	..	..	..	..	..
Total non-current liabilities	701	..	..	..	701	..	..	..	..	..
Total liabilities	25,441	739	..	..	26,180	8,408	..	..	..	8,408
Net assets	10,600	..	..	..	10,600	..	..	..	..	..

The decrease in assets of \$10.6 million was accounted for as a decrease in contributed equity as disclosed in the Statement of Changes to Equity.

Budgeted appropriation revenue (controlled) of \$22.1 million was reallocated from Treasury to the Department of Education (\$12.955 million), the Department of Employment, Small Business and Training (\$8.080 million) and the Department of State Development, Manufacturing, Infrastructure and Planning (\$1.062 million) as part of the machinery-of-government changes. The former Department of Infrastructure, Local Government and Planning reallocated budgeted appropriation revenue of \$2.250 million to Treasury for the Cities Transformation Taskforce.

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
3 Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in the Statement of Comprehensive Income				
Budgeted appropriation revenue	245,941	265,008	245,941	265,008
Transfer (to)/from other departments	..	(19,847)	..	(19,847)
Transfer (to)/from other heading	(23,249)	(2,136)	(23,249)	(2,136)
Lapsed appropriation revenue	..	(4,179)	..	(4,179)
Total appropriation receipts	222,692	238,846	222,692	238,846
Less opening balance of appropriation revenue receivable	..	(703)	..	(703)
Plus non cash MoG transfer of appropriation revenue receivable	..	703	..	703
Plus opening balance of deferred appropriation payable	18,698	15,944	18,698	15,944
Less closing balance of deferred appropriation payable	(28,083)	(18,698)	(28,083)	(18,698)
Net appropriation revenue	213,307	236,092	213,307	236,092
Plus deferred appropriation payable to Consolidated Fund	28,083	18,698	28,083	18,698
Appropriation revenue recognised in Statement of Comprehensive Income	241,390	254,790	241,390	254,790
Reconciliation of payments from Consolidated Fund to appropriated equity adjustments recognised in contributed equity				
Budgeted equity adjustment appropriation	22,871	14,660	22,871	14,660
Unforeseen expenditure	..	..	..	..
Transfer (to)/from other heading	27,713	2,136	27,713	2,136
Total equity adjustment receipts	50,584	16,796	50,584	16,796
Less closing balance of equity adjustment payable	(3,365)	..	(3,365)	..
Appropriated equity adjustment recognised in contributed equity	47,219	16,796	47,219	16,796

Accounting policy – Appropriation revenue

Appropriations provided under the Annual Appropriation Act are recognised as revenue when received or when approved as an accrual at year end. In some circumstances when approval is granted a deferred appropriation payable is recognised with a corresponding expense at year end.

4 User charges and fees

Sale of services	9,508	18,028	9,508	18,028
Other fees	10	23	10	23
	9,518	18,051	9,518	18,051

Accounting policy – User charges and fees

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services provided and/or the recognition of accrued revenue.



Consolidated Entity		Parent Entity	
2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000
5 Grants and other contributions			
Contributions from Workcover	..	44,039	..
Industry contributions	..	6,624	..
Resources received below fair value	138	139	138
	138	50,802	138
			50,802

Accounting policy – Grants and other contributions

Grants, donations, gifts and other contributions that are non-reciprocal in nature are recognised as revenue in the year in which Treasury obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned, according to the terms of the funding agreements.

6 Interest revenue

Interest – loans and receivables **	2,923	7,687	..	..
Interest – lease receivables *	5,683	6,102	..	..
Interest – QTC	2,286	1,896	..	..
Interest- Financial Provisioning	205	..	205	..
	11,097	15,685	205	..

* Relates to interest recognised on QTH Lease receivables by Dalrymple Bay Coal Terminal Holdings (DBCTH) Pty Ltd (refer note 15).

** Relates to interest recognised on QTH financial assets acquired from Brisbane Port Holdings Pty Ltd (BPH) following the long-term lease of the Port of Brisbane (refer note 16).

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.

Lease income is recognised upfront when substantially all the risks and rewards associated with the asset are transferred to the lessee. Where there are ongoing obligations associated with the asset, lease income is recognised in line with these obligations.

7 Gain/(loss) on sale/fair value movement of investments

Gain/(loss) on shares *	72,094	(56,574)	13,323	..
Gain/(loss) on fair value movement**	5,585	..	(3,365)	..
	77,679	(56,574)	9,958	..

* Relates to the market movement on remaining shares held by the QTH consolidated entity in Aurizon Holdings Ltd (AZI) (formerly QR National Limited) recorded at fair value (recognised at the closing listed market price of \$5.40 per share (2018: \$4.33 per share)). For the Parent Entity, relates to the sale of shares in an unlisted company (Refer Note25).

** Relates to the unrealised fair value movement of the BDF investment and licence fee receivable (Refer Note 16).

	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
8 Employee expenses				
Salaries, wages and related - Government employees	85,166	120,872	85,166	120,872
Annual leave levy	9,438	12,866	9,438	12,866
Employer contributions - Accumulation schemes	8,519	11,808	8,519	11,808
Employer contributions - Defined benefit scheme	2,821	4,197	2,821	4,197
Long service leave levy	1,798	2,547	1,798	2,547
Other employee related expenses	1,928	2,530	1,928	2,530
Redundancy payments	672	584	672	584
Fringe benefits tax expense	227	695	227	695
Workers' compensation premium	106	250	106	250
	110,675	156,349	110,675	156,349

The number of employees as at 30 June, including both full-time employees and part-time employees, measured on a full-time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

Number of employees:	948	954	948	954
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Accounting policy – Employee expenses

Employer superannuation contributions, annual leave levies and long service leave levies are regarded as employee benefits. Workers' compensation insurance is a consequence of employing staff and is not included in an employee's total remuneration package as employee benefits and are recognised separately as employee related expenses.

Accounting policy – Wages and salaries

Salaries and wages expenses are recognised at the current salary rates as it is expected these liabilities will be wholly settled within 12 months of year end.

Accounting policy – 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

No provision for annual leave has been recognised in Treasury's financial statements as 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*, under the Annual Leave Central Scheme (ALCS). A levy is made on Treasury to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

Long service leave

Under the Queensland Government's long service leave scheme, a levy is made on Treasury to cover the cost of employees' long service leave. Levies are expensed in the period in which they are paid or payable.

Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears. Therefore, no provision for 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

Employer superannuation contributions are paid to QSuper and other members' choice superannuation funds, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. Treasury's obligation is limited to its contribution to QSuper and other members' choice superannuation funds.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits 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*.



8 Employee expenses (continued)

(a) 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. This Minister is the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships – Jacklyn Anne Trad.

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.

The following details 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.

The following disclosures focus on the expenses incurred by Treasury during the respective reporting periods that are attributable to non-Ministerial KMP.

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 their personal business interests.

8 Employee expenses – (a) Key Management Personnel and remuneration (continued)

The amounts disclosed below reflect expenses recognised in the Statement of Comprehensive Income.
1 July 2018 - 30 June 2019

Position (a)	Responsibilities	Date appointed to position (End date of position)	Short term employee expenses * \$'000	Long term employee expenses \$'000	Post employment expenses	Termination benefits \$'000	Total expenses \$'000
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole-of-government financial management	09-Jun-15 (14-Sept-18)	116	3	16	297	432
Acting Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole-of-government financial management	15-Sept-18 (10-Feb-19)	233	4	16		253
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole-of-government financial management	11-Feb-19	234	5	27		266
Deputy Under Treasurer	Responsible for the provision of expert advice and support to the department on strategic initiatives and major policy decisions	4-Mar-19 (b)	108	2	12		122
Deputy Under Treasurer	Responsible for Economics and Fiscal Coordination	25-Sep-17	272	6	27		305
Acting Deputy Under Treasurer	Responsible for Agency Performance	12-Dec-17	251	5	22		278
Acting Deputy Under Treasurer	Responsible for Commercial Services	05-Jun-17	268	5	29		302
Commissioner	Responsible for the Office of State Revenue	10-Feb-14 (c)	302	6	32		340
Acting Deputy Under Treasurer	Responsible for Agency Performance and Investment	03-Sep-18	198	4	21		223
Executive General Manager	Responsible for Risk and Intelligence	27-Jan-16	224	5	25		254
Total expenses			2,206	45	227	297	2,775

* The department does not have any non-monetary benefits to disclose in relation to its KMP.

(a) Some positions have been excluded from the table on the basis of being immaterial in relation to time in the role and dollar value.

(b) Under a work performance arrangement for 6 months under s183 of the *Public Service Act 2008*.

(c) Retired on 5 July 2019.



8 Employee expenses – (a) Key Management Personnel and remuneration (continued)

1 July 2017 - 30 June 2018

Position (a)	Responsibilities	Date appointed to position (End date of position)	Short term employee expenses	Long term employee expenses	Post employment expenses	Termination benefits	Total expenses
			Monetary expenses * \$'000	\$'000			
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole-of-government financial management	09-Jun-15	612	12	76	..	700
Acting Deputy Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole-of-government financial management for Economics and Fiscal Coordination	24-Aug-15 (29-Sept-17)	62	1	6	..	69
Deputy Under Treasurer	Responsible for Economics and Fiscal Coordination	25-Sep-17	195	4	15	..	214
Deputy Under Treasurer	Responsible for Agency Performance	06-Aug-15 (11-Dec-17)	111	2	13	..	126
Acting Deputy Under Treasurer	Responsible for Agency Performance	12-Dec-17	135	2	10	..	147
Acting Deputy Under Treasurer	Responsible for Commercial Services	05-Jun-17	269	5	29	..	303
Deputy Under Treasurer	Responsible for Commercial Services and Agency Performance	27-Aug-15 (27-May-18)	246	6	29	..	281
Commissioner	Responsible for the Office of State Revenue	10-Feb-14	294	6	32	..	332
Executive General Manager	Responsible for Operations and Change	15-Sep-16	202	4	22	..	228
Executive General Manager	Responsible for Risk and Intelligenc	27-Jan-1	223	5	24	..	252
Deputy Director-General (b)	Responsible for the Office of Industrial Relations	09-Jan-14	121	2	14	..	137
Total expenses			2,470	49	270	..	2,789

* The department does not have any non-monetary benefits to disclose in relation to its KMP.

(a) Some positions have been excluded from the table on the basis of being immaterial in relation to time in the role and dollar value.

(b) The Office of Industrial Relations was transferred to Department of Education via a MoG change effective 1 January 2018 (refer note 2).

	Consolidated Entity		Parent Entity	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
9 Supplies and services				
Computer charges	30,865	33,712	30,865	33,712
Contractors and employment agency charges	26,985	27,952	26,985	27,952
Property leases	14,076	17,791	14,076	17,791
SPER call centre costs	11,257	10,892	11,257	10,892
Consultants	10,556	10,183	10,556	10,183
Administration and advertising	7,290	11,044	7,290	11,044
Other property charges	7,150	8,313	7,150	8,313
Professional legal fees, service fees and charges	2,929	7,056	2,929	7,056
Other supplies and services	462	3,518	462	3,518
	111,570	130,461	111,570	130,461

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 actually paid for.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred. Property leases are recognised on a straight-line basis over the lease life including any applicable lease incentives and annual rent increments, in accordance with *AASB 117 Leases*.

10 Grants and subsidies

CleanCo	6,000	..	6,000	..
Financial Provisioning	1,340	2,032	1,340	2,032
Other recurrent grants	208	1,078	208	1,078
Safe Work Australia	..	1,008	..	1,008
Anzac Day Trust	..	1,323	..	1,323
Back to Work	..	3,670	..	3,670
Queensland Ambulance Service	..	1,868	..	1,868
	7,548	10,979	7,548	10,979

11 Other expenses

Deferred appropriation payable to Consolidated Fund	28,082	18,698	28,082	18,698
Bank charges	1,666	1,763	1,666	1,763
Internal audit fees	808	1,376	808	1,376
External audit fees*	662	813	620	773
Sundry expenses	572	1,375	297	1,076
Company secretariat and accounting services – QTC	395	370	..	..
Operating leases	377	371	..	..
Qld Government Insurance Fund - insurance premiums	33	86	33	86
Sponsorships and special payments	30	73	30	73
Impairment losses on investments	..	370	..	370
	32,625	25,295	31,536	24,215

* Total departmental audit fees quoted by the Queensland Audit Office relating to the 2018-19 financial statements for the parent entity is \$475k, which excludes the WoG financial statement audit costs (2018: \$500k).



12 Income tax expense

Current tax comprises:

Current tax on profit for the year

Deferred tax comprises:

Decrease/(increase) in deferred tax asset

(Decrease)/increase in deferred tax liability

Income tax expense/(benefit)

Numerical reconciliation of income tax expense to prima facie tax payable:

Profit/(loss) before income tax expense

Less (profit)/loss of non taxable entities

Less dividends received from AZJ (Franked)

Plus: AASB 9 opening balance adjustment

Plus: group dividend received

Profit/(loss) before income tax expense from taxable entities

Tax at the Australian company tax rate of 30%

Income tax expense/(benefit)

Consolidated Entity		Parent Entity	
2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000
3,225	3,072	..	..
3,225	3,072	..	..
7,233	1,377	..	..
17,631	(16,972)	..	..
24,864	(15,595)	..	..
28,089	(12,523)	..	..
87,648	(35,112)	..	..
(2,450)	(345)	..	..
(8,700)	(6,289)	..	..
15,169	..	..	..
1,964	..	..	..
93,631	(41,746)	..	..
28,089	(12,523)	..	..
28,089	(12,523)	..	..

Accounting policy – Income tax expense

Current tax is the expected tax payable on the taxable income for the QTH consolidated entity 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.

13 Cash and cash equivalents

QTC Cash Fund

Cash surety

Cash on hand and at bank

Cash at the end of financial year

93,576	83,020	..	..
52,548	..	52,548	..
48,763	37,250	48,749	37,247
194,887	120,270	101,297	37,247

Accounting policy – Cash and cash equivalents

Cash assets include all cash as well as 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 surety relates to the surety received from the Financial Provisioning Scheme.

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

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
14 Receivables				
<i>Current</i>				
Receivables of operating nature	1,481	1,267	1,481	1,267
Less allowance for impairment loss	..	..	..	..
	<u>1,481</u>	<u>1,267</u>	<u>1,481</u>	<u>1,267</u>
Loan receivable*	6,292	5,808	..	..
Annual leave claims receivable	1,662	1,486	1,662	1,486
GST input tax credits receivable	1,291	1,746	1,291	1,746
Sundry receivable	875	2,130	875	2,130
Long service leave claims receivable	442	375	442	375
	<u>10,562</u>	<u>11,545</u>	<u>4,270</u>	<u>5,737</u>
Total current	<u>12,043</u>	<u>12,812</u>	<u>5,751</u>	<u>7,004</u>
<i>Ageing of past due but not impaired receivables</i>				
<i>Overdue</i>				
Less than 30 days	16	27	16	27
30-60 days	..	837	..	837
61 to 90 days	8	..	8	..
Greater than 90 days	5	1	5	1
Total overdue	<u>29</u>	<u>865</u>	<u>29</u>	<u>865</u>
<i>Non-current*</i>				
Loan receivable*	38,165	41,726	..	..
Licence fee receivable**	..	121,249	..	..
Interest revenue - accumulated	..	67,318	..	..
Impairment expense - accumulated	..	(135,853)	..	..
Total Non-current	<u>38,165</u>	<u>94,440</u>	<u>..</u>	<u>..</u>

* The loan receivable is discounted at 6.55% and includes the rights to fixed annual payments up to 31 December 2025.

** For 2018 comparative disclosure, the licence fee receivable has been estimated based on projected trade volume and price growth and is discounted at a rate of 9.48% (2018: 9.55%). The discount rate is applied against expected cash flows under a revenue sharing arrangement based on a pre-tax discount rate.

Accounting policy - Receivables

Receivables of 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.

QTH's loans receivable is a non-derivative financial asset that are not quoted in an active market and are carried at amortised cost using the effective interest method. Licence fee receivable is a non-derivative financial asset with fixed or determinable payments that is not quoted in an active market previously recognised at amortised cost. This is carried at fair value through profit and loss effective 1 July 2018 (Refer to Note 1i and Note 16).

Credit risk exposure of receivables

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 (receivables) 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.

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.

The QTH controlled entity is exposed to credit risk in relation to the receivables arrangements entered into with Brisbane Port Holdings (BPH). BPH has assigned its rights to QTH to receive money payable to it by the Port Manager, Port of Brisbane Pty Ltd (PBPL).



14 Receivables (continued)

Credit risk exposure of receivables (continued)

The consolidated entity is also exposed to credit risk through its investments in 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 QTC Cash Fund are capital guaranteed.

The allowance for impairment reflects the occurrence of expected loss events. 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). Economic changes impacting debtors, and relevant industry data, also form part of the documented risk analysis.

If there is no expected credit loss event in respect of a debtor or group of debtors, no allowance for impairment is made in 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.

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
15 Lease receivables				
<i>Current</i>				
Finance lease receivable	1,410	1,351	..	..
Novation receivable	7,160	7,314	..	..
	8,570	8,665	..	..
<i>Non-current</i>				
Finance lease receivable	104,391	105,801	..	..
Novation receivable	..	7,160	..	..
	104,391	112,961	..	..
Total				
Lease receivable	105,801	107,152	..	..
Novation receivable	7,160	14,474	..	..
	112,961	121,626	..	..
<i>Finance leases</i>				
Minimum lease payments				
- Not later than one year	6,471	6,471	..	..
- Later than one year and not later than five years	25,882	25,882	..	..
- Later than five years	176,051	182,522	..	..
Minimum lease commitments receivable at balance date *	208,404	214,875	..	..
Less future finance charges	(102,603)	(107,723)	..	..
Total lease receivable	105,801	107,152	..	..
Present value of minimum lease payments				
- Not later than one year	6,280	6,281	..	..
- Later than one year and not later than five years	22,328	22,328	..	..
- Later than five years	77,193	78,543	..	..
	105,801	107,152	..	..

* These lease commitments receivable represent payments due from the primary lessee under the plant lease, on-shore sub-lease, off-shore sub-sub-lease and road sub-sub-lease of Dalrymple Bay Coal Terminal. The terms of the plant lease and on-shore sub-lease are 50 years each, 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.

	Consolidated Entity		Parent Entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
15 Lease receivables (continued)				
Novation receivable				
<i>Operating lease</i>				
Minimum lease payments				
- Not later than one year	7,376	7,877	..	..
- Later than one year and not later than five years	..	7,376	..	..
Minimum novation payments receivable at balance date *	7,376	15,253	..	..
Less: future finance charges	(216)	(779)	..	..
Total novation receivable	7,160	14,474	..	..
Present value of minimum lease payments				
- Not later than one year	7,160	7,648	..	..
- Later than one year and not later than five years	..	6,826	..	..
	7,160	14,474	..	..

* The novation receivable represents payments owing to North Queensland Bulk Ports Corporation Limited from DBCT Management Pty Ltd which has been novated to DBCT Holdings Pty Ltd. The novation payments to be made are set out in the Framework Agreement, with the final payment to be made on 30 June 2020.

Accounting policy – Lease receivables

Leases are classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Finance leases are capitalised at the lease's inception at the fair value of the leased asset, or if lower, the present value of the minimum lease payments along with the corresponding liability. Each lease payment is allocated between the balance sheet and income statement so as to produce a constant periodic rate of return.

16 Other financial assets

Current

Shares – AZJ *

	296,601	237,830	..	..
	296,601	237,830	..	..
Non-current				
Licence fee receivable	76,833	..	..	..
Shares held in unlisted company	..	6,833	..	6,833
QIC investments (net) - Business Development Fund (BDF)	56,638	39,630	56,638	39,630
	133,471	46,463	56,638	46,463

* The QTH controlled entity holds 54,926,186 shares (2018: 54,926,186 shares) in Auizon, purchased at the institutional price of \$2.55 per share. The shares are market valued based on the closing listed share price of \$5.40 per share (2018: \$4.33). Refer note 7.

Accounting policy – Other financial assets

Treasury carries equity investments at fair value through profit and loss under AASB 9 Financial Instruments.

The fair value of investments in AZJ shares reflects unadjusted quoted market price. Licence fee receivable is a non-derivative financial asset with fixed or determinable payments that is not quoted in an active market carried at FVTPL effective 1 July 2018 (*Refer to Note 1i*).

The BDF (Fund) invests in emerging and innovative Queensland businesses. The fair value methodology for the BDF is considered to be 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 Fund with a put option under limited circumstances (over the life of investment). The Fund 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:

- Investments held for less than 2 years – initial cost of investment



16 Other Financial Assets (continued)

- (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.

Consolidated Entity		Parent Entity	
2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000

17 Intangibles

Internally generated software				
– at cost	30,365	18,703	30,365	18,703
– accumulated amortisation	(7,437)	(4,274)	(7,437)	(4,274)
	22,928	14,429	22,928	14,429
Purchased software/licences				
– at cost	10,091	10,091	10,091	10,091
– accumulated amortisation	(9,754)	(9,613)	(9,754)	(9,613)
	337	478	337	478
Internally generated software work in progress				
– at cost	..	4,876	..	4,876
	..	4,876	..	4,876
Total intangibles				
– net book value	23,265	19,783	23,265	19,783

Accounting policy – Intangibles

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

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. If 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%

17 Intangibles (continued)

	Internally generated software		Purchased software/licences		Internally generated software works in progress		Total	
Reconciliation	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Carrying amount at 1 July	14,429	6,221	478	782	4,876	3,937	19,783	10,940
Acquisitions	7,002	10,715	..	..	..	2,828	7,002	13,543
MoG transfer in	..	..	..	..	..	..	..	..
MoG transfer out	..	(1,407)	..	(128)	..	(787)	..	(2,322)
Disposals	..	..	..	..	..	..	..	..
Transfers between asset classes	4,876	1,102	..	..	(4,876)	(1,102)	..	..
Amortisation *	(3,379)	(2,202)	(141)	(176)	..	..	(3,520)	(2,378)
Carrying amount at 30 June	22,928	14,429	337	478	..	4,876	23,265	19,783

* 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 (2017–18: \$9.869 million).

Consolidated Entity		Parent Entity	
2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000

18 Payables

Current

Payables of operating nature	14,567	20,524	14,567	20,524
Cash surety payable	52,548	..	52,548	..
Deferred appropriation for departmental services payable	28,083	18,698	28,083	18,698
Equity Withdrawal Payable	3,365	..	3,365	..
FBT payable	957	202	66	83
GST payable	144	139	144	139
Sundry payables	2,696	353	27	11
	102,360	39,916	98,800	39,455

Non-current

Payables of operating nature	7,513	4,974	7,513	4,974
	7,513	4,974	7,513	4,974

Accounting policy - Payables

Current payables are recognised upon receipt of goods and services at the agreed purchase price. Amounts owing are generally settled on 30-day terms and are unsecured. Deferred appropriation for services payable is recognised to reflect unused appropriation funding by Treasury to be returned to the Consolidated Fund.

Cash surety for the Financial Provisioning Scheme are 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.

Refer to Note 3 for recognition of deferred appropriation for departmental services payable.

Non-current payables are recognised for lease payments under an operating lease on a straight-line basis over the lease term.



19 Other liabilities

Current

	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Unearned revenue	67	197	67	197
Sub-lease on land*	350	342	..	..
	417	539	67	197

Non-current

Sub-lease on land*	1,694	2,039	..	..
	1,694	2,039	..	..

* The QTH controlled entity, through DBCTH, has deferred revenue resulting from an upfront payment on a long-term lease arrangement.

Accounting policy – Deferred revenue

The QTH consolidated entity, through DBCTH has deferred revenue resulting from an upfront payment on a long-term lease arrangement. The deferred revenue is amortised in proportion to the relevant lease payments.

20 Deferred tax liabilities

Attributable to temporary differences:

Financial assets at fair value – AZJ	46,962	29,330	..	..
Investments in subsidiaries – DBCTH	178	178	..	..
Long term receivable – BPH licence fee*	(13,325)	(20,561)	..	..
Accrued audit fees	(7)	(3)	..	..
	33,808	8,944	..	..

Accounting policy - Deferred tax liability

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.

*The QTH consolidated entity 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 \$76.8 million due to the timing of the related cash flows which have been forecast to 2050. The long term receivable has been discounted at 9.48% 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*.

21 Interest bearing liabilities

Current loans with QTC

Lease loan	1,410	1,351	..	..
Novation loan	7,160	7,314	..	..
	8,570	8,665	..	..

Non-current loans with QTC

Lease loan	104,391	105,801	..	..
Novation loan	..	7,160	..	..
	104,391	112,961	..	..

The long-term Lease Loan and Novation Loan from QTC, are for periods of 50 and 20 years, respectively, unless terminated earlier. Interest on the loans 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.

Consolidated Entity		Parent Entity	
2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000

22 Commitments for expenditure

(a) Non-cancellable operating lease commitments

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

Not later than one year	428	419	..	..
Later than one year and not later than five years	1,714	1,677	..	..
Later than five years	13,743	13,871	..	..
Total commitments	15,885	15,967	..	..

(b) Non-capital operating expenditure commitments

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

Not later than one year	51,406	62,268	51,406	62,268
Later than one year and not later than five years	103,545	86,886	103,545	86,886
Later than five years	132,838	141,071	132,838	141,071
Total commitments	287,789	290,225	287,789	290,225

(c) Capital expenditure commitments

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

Not later than one year	240	18,735	240	18,735
Later than one year and not later than five years	..	16,479	..	16,479
Later than five years	..	..	..	..
Total commitments	240	35,214	240	35,214

23 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 2019 is:

- Bank guarantees \$8,217.753 million
- Insurance bonds \$84.823 million

As at 30 June 2019 notices to provide surety have been issued to environmental authority holders for an aggregate value of \$93.787 million. In July 2019 the Scheme Manager became aware that it is probable claims will be made against surety to the value of \$5.053 million. As there is uncertainty around the timing and realisation of the claims, the potential claim represents a contingency.

Native title claims

In January 2019, the Native Title Compensation Project Management Office (PMO) transferred from Department of Natural Resources, Mines and Energy to Queensland Treasury. The PMO is managing existing native title compensation claims that are progressing in the Federal Court and developing a whole-of-government framework to settle future native title compensation claims. Liability for native title compensation will be assessed on a claim by claim basis, at the whole-of-government level.

Environmental obligations

The QTH controlled entity 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 the QTH controlled entity.

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.



23 Contingencies (continued)

Other

Treasury has also received notification of a case that is not yet subject to court action. This case may or may not result in subsequent litigation.

24 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. The QTH controlled entity is audited by the Auditor-General of Queensland.

QTH summarised financial statements:	2019 \$'000	2018 \$'000
Income Statement		
Net income	94,420	(27,930)
Expenses	(6,772)	(7,182)
Income tax (benefit)/expense	28,089	(12,523)
Operating result for the year (after income tax)	59,559	(22,589)
Balance Sheet		
Total assets	624,733	543,008
Total liabilities	(152,373)	(133,412)
Net Assets	472,360	409,596
	Net Assets	
	2019 \$000	2018 \$000
Name of Controlled Entity		
Queensland Treasury Holdings Pty Ltd holds 100% ownership interest in the following material subsidiaries:		
Controlled Entities of QTH		
City North Infrastructure Pty Ltd *	..	..
Queensland Lottery Corporation Pty Ltd (QLC)	2,748	2,743
Queensland Airport Holdings (Cairns) Pty Ltd***	..	..
Queensland Airport Holdings (Mackay) Pty Ltd***	..	..
Network Infrastructure Company Pty Ltd **	..	..
Brisbane Port Holdings Pty Ltd (BPH)	19,229	18,859
DBCT Holdings Pty Ltd	7,420	7,304

* City North Infrastructure Pty Ltd did not trade during the year and the company is in the process of deregistering.

** 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.

25 Investments in entities which are not controlled entities or associated companies

Name of entity	Principal activities	Percentage ownership		Carrying amount	
		2019 %	2018 %	2019 \$'000	2018 \$'000
Property Exchange Australia Ltd (PEXA)*	Develop then operate the national e-conveyancing system	..	3.87%	..	6,833

*originally known as National e-Conveyancing Development Limited.

In December 2018 Treasury's shares in PEXA were sold to a private consortium. Refer to Note 7.

26 Events occurring after balance date

There are no matters or circumstances which have arisen since the end of financial year that have significantly affected or may significantly affect Treasury and QTH Consolidated entity.

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 (except for licence fee receivable carried at fair value through profit & loss)
 - Lease receivables
 - Loans and advances
2. Financial assets – held at fair value through profit and loss
 - Licence fee receivable
 - Other financial assets – Shares in Aurizon Holdings Ltd (AZI)
 - Other financial assets – Business Development Fund (BDF)
3. Financial liabilities – held at amortised cost
 - Payables
 - Interest bearing liabilities - Commonwealth, QTC borrowings and Advances payable to GOC's, QTH long-term lease and novation liabilities

The change in classification and measurement of financial instruments as a result of the application of AASB 9 is outlined in Note 1(i).

Valuation

Interest bearing liabilities are initially recognised at fair value, plus any transaction costs directly attributable to the interest-bearing liability, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

(b) Categorisation of financial instruments

The consolidated entity has the following categories of financial assets and financial liabilities:

Category	Note	2019 \$'000	2018 \$'000
Financial assets			
Cash and cash equivalents	13	194,887	120,270
Receivables	14	50,208	107,252
Finance lease receivables	15	112,961	121,626
Other financial assets	16		
Shares – AZI		296,601	237,830
Shares held in unlisted company at cost		..	6,833
QIC investments, Business Development Fund		56,638	39,630
Licence fee receivable		76,833	..
Total		788,128	633,441
Financial liabilities			
Payables	18	102,360	39,916
Interest bearing liabilities	21	112,961	121,626
Total		215,321	161,542



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. 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. The QTH controlled entity is exposed to liquidity risk through the normal course of business.

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.

The QTH controlled entity 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 Treasury and its controlled entity. It represents the remaining contractual cash flows (principal and interest) of financial liabilities at the end of the reporting period.

Consolidated	Note	2019 payable in			Total undiscounted cash flow \$'000	Carrying amount \$'000
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000		
Financial liabilities						
Payables	18	102,360	..	..	102,360	102,360
Interest bearing liabilities	21	13,846	25,882	176,051	215,779	112,961
Total		116,206	25,882	176,051	318,139	215,321

Consolidated	Note	2018 payable in			Total undiscounted cash flow \$'000	Carrying amount \$'000
		< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000		
Financial liabilities						
Payables	18	39,916	..	..	39,916	39,916
Interest bearing liabilities	21	14,348	33,528	182,521	230,397	121,626
Total		54,264	33,528	182,521	270,313	161,542

(e) Credit risk

The QTH controlled entity is also 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 (Refer Note 13).

(f) 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.

27 Financial instruments (continued)

(f) Market risk (continued)

Interest rate risk

The QTH controlled entity 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 from the Financial Provisioning Scheme and through the investment in the BDF for investments held between 2-5 years. All other financial assets and financial liabilities are fixed in nature.

Equities risk

The QTH controlled entity is exposed to equities risk through its investment in AZJ shares valued at market prices.

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 effect that a reasonably possible change in interest rates (assumed to be +/- 1%) would have on the operating result and equity, based on the carrying values at the end of the reporting period:

Consolidated Financial instruments	Carrying amount \$'000	2019 Interest rate risk			
		-1%		1%	
		Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000
Cash *	146,138	(1,461)	(1,461)	1,461	1,461
QIC Investment - BDF **	11,403	(114)	(114)	114	114
Potential impact		(1,575)	(1,575)	1,575	1,575

* excludes fixed rate or non-interest bearing assets

** only includes investment held between 2-5 years

Consolidated Financial instruments	Carrying amount \$'000	2018 Interest rate risk			
		-1%		1%	
		Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000
Cash*	83,023	(830)	(830)	830	830
Potential impact		(830)	(830)	830	830

* excludes fixed rate or non-interest bearing assets

Equities

Sensitivity analysis for equity instruments is based on a reasonably possible change in the ASX200 share price which is estimated at +/- 10% (2018: +/- 10%).

Financial instruments	Carrying amount \$'000	2019 Equities			
		-10%		10%	
		Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000
Other financial assets – Shares – AZJ	296,601	(29,660)	(29,660)	29,660	29,660
Potential impact		(29,660)	(29,660)	29,660	29,660

Financial instruments	Carrying amount \$'000	2018 Equities			
		-10%		10%	
		Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000
Other financial assets – Shares – AZJ	237,830	(23,783)	(23,783)	23,783	23,783
Potential impact		(23,783)	(23,783)	23,783	23,783



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.

Fair value

According to the above hierarchy, the fair values of each class of asset recognised at fair value are as follows:

Class		Classification according to fair value hierarchy			2019 Carrying amount
		Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents		101,311	93,576	..	194,887
Other financial assets – Shares – AZJ		296,601	..	..	296,601
License Fee Receivable		..	..	76,833	76,833
QIC Investment - BDF		..	56,638	..	56,638
Total		397,912	150,214	76,833	624,959

Class		Classification according to fair value hierarchy			2018 Carrying amount
		Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents		37,250	83,020	..	120,270
Other financial assets – Shares – AZJ		237,830	..	..	237,830
Total		275,080	83,020	..	358,100

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 2019.

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).

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

- Licence fee receivable cash flows are discounted at 9.48% per annum (2018: 9.55%) 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 lease receivable and associated loan fair values are reasonably approximate to the carrying value at balance date due to the offsetting nature of these arrangements.

27 Financial instruments (continued)

(g) Fair value

The fair values of financial assets and liabilities not carried at fair value at balance date are as follows:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Financial asset				
Loan receivable ^	44,457	52,232	47,534	54,243
Licence fee receivable ^	..	..	52,714	64,415
Total	44,457	52,232	100,248	118,658

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 - Controlled

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 explanations of major variances for other statements.

Explanation of major variances for Statement of Comprehensive Income

Note 5: The increase reflects the goods and services received below fair value from other Government departments.

Note 6: The increase reflects interest earned on the Financial Provisioning Scheme cash balances.

Face Other revenue - The increase is primarily due to \$2.139M in proceeds from the sale of the Department of Natural Resources Mines and Energy portion of the Property Exchange Australia Limited shares, \$0.7M associated with the Long-Term Asset Advisory Board secretariat fees, \$0.175M cost awarded in courts proceedings, and \$0.149M in unbudgeted cost recoupment from Motor Accident Insurance Commission and Nominal Defendant.

Note 7: The increase is due to \$13.323M unbudgeted gain on sale of Treasury portion of the Property Exchange Australia Limited shares, partially offset by the impact of fair value decrease of \$3.365M associated with the Business Development Fund Investment in accordance with AASB 9 Financial Instruments.

Note 8: The decrease is mainly due to strategies in place to manage the department's full-time equivalents. Also contributing are utilisation of agency temps to back fill vacant positions mainly in the Office of State Revenue (OSR) and lower than expected costs associated with the expired enterprise bargaining agreement.

Note 9: The decrease is mainly due to costs associated with OSR Transformation Program (\$12.792M) and the Cities Transformation Taskforce (\$1.524M) initially budgeted for 2018-19 which are now expected to be incurred in future years. These are partially offset by unbudgeted expenditure associated with the CleanCo Implementation Taskforce (\$3.925M) and the utilisation of agency temps to back fill vacant positions (\$2.355M).

Note 10: The increase primarily relates to a \$6M payment to CleanCo Queensland for the first year operations following its establishment as a government-owned corporation in December 2018, partially offset by lower than budgeted grant payments of \$1.724M to the Department of Environment and Science and Department of Natural Resources Mines and Energy for the Financial Assurance Framework Reforms.

Face Depreciation and amortisation - The decrease is mainly a result of changed capitalisation schedule for software asset associated with the OSR Transformation Program (\$5.063M).

Note 11: The increase primarily relates to the recognition of appropriation payable as an expense resulting from the re-profiling of funding associated with a number of departmental projects and initiatives from 2018-19 to future years, in accordance with Section 3B.2 of the Financial Reporting Requirements.



28 Budget vs Actual comparison – Controlled (continued)

Explanation of major variances for Statement of Financial Position

- Note 13: The increase is primarily due to \$52.548M cash surety collected from Environmental Authority holders. The Cash Surety received is not a revenue of Financial Provisioning Scheme upon receipt but a liability to pay it back to Environmental Authority holders. Cash Surety will only be recognised as revenue when the specific Environmental Authority holders who have provided the cash surety default on their obligation to rehabilitate the abandoned mine area. Also contributing are the recognition of appropriation payable of \$28.083M resulting from the re-profiling of funding associated with a number of departmental projects and initiatives from 2018-19 to future years, and the increased operational payables (\$7.276M) at 30 June.
- Face Other assets - The increase reflects higher than budgeted prepayments associated with SAP products and services in OSR (\$1.467M) and software licences and subscription fees (\$0.629M).
- Note 16: The decrease is due to \$6.832M associated with the sale of the Property Exchange Australia Limited shares, and \$3.362M in fair value decrease relating to the Business Development Fund investments.
- Note 17: The increase is mainly due to lower than anticipated amortisation costs of \$8.974M as a result of a changed amortisation schedule for a number of capital expenditure including OSR Transformation Program (\$7.656M).
- Note 18: The increase is mainly due to \$52.548M payables to Environmental Authority holders associated with cash surety collected under the Mineral and Energy Resources (Financial Provisioning) Act 2018 effective 1 April 2019. Also contributing are \$28.083M in appropriation payable resulting from re-profiling of funding associated with a number of departmental programs and initiatives from 2018-19 to future years.
- Note 19: The decrease reflects reduced level of unearned revenue recognised at 30 June, mainly in the Queensland Government Statistician's Office.
- Note 18: The increase is due to straight-line methodology adopted for lease expenses as a result of the application of AASB 117 to leased property portfolio.
- Face Accumulated surplus - The increase is mainly due to opening balance adjustment to reflect fair value increase associated with the Property Exchange Australia Limited shares as a result of the adoption of AASB 9 Financial Instruments.
- Face Contributed equity - The decrease is mainly due to an equity withdrawal to return cash to the Consolidated Fund for the portion of sale proceeds from the Property Exchange Australia Limited shares equivalent to the shares' fair value prior to sale (\$47.275M). This is partially offset by the delay of equity withdrawal of amortisation funding associated with OSR Transformation Program (\$7.656M) to future years due to changed amortisation schedule.

Explanation of major variances for Statement of Cash Flows

Operating activity inflows

Surety receipts from Financial Assurance scheme - The increase is due to unbudgeted cash surety collected from Environmental Authority holders.

User charges - The increase primarily relates to reduced accrued revenue of \$1.310M at 30 June. Also contributing is \$0.569M due to the volume of reimbursable projects managed by Commercial Services being unknown when the 2018-19 budget was developed.

GST input tax credits from ATO - The increase is due to the amount of input tax credits paid by the ATO for supplier invoices processed which was not budgeted for.

Interest received - The increase reflects interest received on the Financial Provisioning Scheme cash balances.

Other - The increase is primarily due to \$2.139M in proceeds from the sale of the Department of Natural Resources, Mines and Energy portion of the Property Exchange Australia Limited shares, \$0.7M associated with the Long-Term Asset Advisory Board secretariat fees, \$0.175M in cost awarded in courts proceedings, and \$0.149M in unbudgeted cost recoupment from Motor Accident Insurance Commission and Nominal Defendant.

28 Budget vs Actual comparison – Controlled (continued)

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

Operating activity outflows

Employee expenses - The decrease is mainly due to strategies in place to manage the department's full-time equivalents. Also contributing are the utilisation of agency temps to back fill vacant positions mainly in OSR and lower than expected costs associated with the expired enterprise bargaining agreement.

Supplies and services - The increase is mainly due to unbudgeted GST paid to suppliers for goods and services purchased.

Grants and contributions - The increase primarily relates to a \$6M payment to CleanCo Queensland, partially offset by lower than budgeted grant payments of \$1.724M to the Department of Environment and Science and Department of Natural Resources, Mines and Energy for the Financial Assurance Framework Reforms.

GST remitted to ATO - The variance is due to GST input credit collected and remitted to the ATO for customer invoices processed which was not budgeted for.

Other - The decrease is primarily due to lower than anticipated bank charges, audit fees and other miscellaneous expenses.

Investing activity inflows

Proceeds from investments - The increase mainly relates to the proceeds from the sale of Treasury portion of the Property Exchange Australia Limited shares

Investing activity outflows

Payment for intangibles - The increase is mainly due to additional capital investment for Financial Assurance Information Register System due to amendment to the system scope to increase financial functionality.

Financing activity inflows

Equity injections - The increase mainly reflects \$20M in capital funding received and then transferred to CleanCo Queensland.

Financing activity outflows

Equity withdrawals - The increase mainly relates to \$47.275M to return a portion of sale proceeds of Property Exchange Australia Limited shares, which is equivalent to the shares' fair value prior to sales. Also contributing is \$20M in payments of capital funding to CleanCo Queensland. This is partially offset by \$7.656M reduction in equity withdrawals of amortisation funding associated with the OSR Transformation Program.



		2019 Actual \$'000	2019 Published Budget \$'000	2019 Budget Variance* \$'000	2018 Actual \$'000
	Notes				
Income and expenses administered on behalf of the whole-of-government					
Income from continuing operations					
Revenue					
Grants and other contributions	29	19,280,473	19,366,694	(86,221)	19,859,938
Taxes	30	11,617,135	11,545,725	71,410	10,818,926
Royalties	31	5,183,244	4,416,810	766,434	4,263,206
Interest	32	33,299	29,155	4,144	35,580
Appropriation revenue	33	5,827,870	5,991,751	(163,881)	5,944,629
User charges and fees		50,482	54,088	(3,606)	71,248
Other revenue	34	419,138	390,972	28,166	381,050
Total income from continuing operations		42,411,641	41,795,195	616,446	41,374,577
Expenses from continuing operations					
Supplies and services	35	151,943	161,121	(9,178)	157,855
Losses on receivables	36	25,959	57,844	(31,885)	88,014
Finance/borrowing costs	37	1,306,549	1,208,908	97,641	1,389,795
Grants and subsidies		157,040	219,348	(62,308)	296,563
Other expenses	38	4,196,471	4,402,374	(205,903)	4,070,449
Total expenses from continuing operations		5,837,962	6,049,595	(211,633)	6,002,676
Operating result from continuing operations before transfers to government		36,573,679	35,745,600	828,079	35,371,901
Transfers of administered revenue to government		36,573,679	35,745,600	828,079	35,371,901
Total administered comprehensive income		..	..	..	..

* An explanation of major variances is included at Note 47.

The accompanying notes form part of these statements.

		2019 Actual \$'000	2019 Published Budget \$'000	2019 Budget variance* \$'000	2018 Actual \$'000
	Notes				
Assets and liabilities administered on behalf of the whole-of-government					
Current assets					
Cash assets	39	(3,754,475)	(4,433,307)	678,832	(3,825,484)
Receivables	40	1,007,946	1,150,769	(142,823)	944,288
Other current assets	41	8,809	8,633	176	8,468
Total current assets		(2,737,720)	(3,273,905)	536,185	(2,872,728)
Non-current assets					
Receivables	40	62,249	68,237	(5,988)	75,672
Total non-current assets		62,249	68,237	(5,988)	75,672
Total administered assets		(2,675,471)	(3,205,668)	530,197	(2,797,056)
Current liabilities					
Payables	42	132,312	7,666	124,646	168,900
Transfer to government payable **		960,101	1,195,621	(235,520)	903,842
Interest bearing liabilities	43	2,281,142	1,388,811	892,331	2,298,345
Other liabilities	44	35,573	39,405	(3,832)	38,290
Total current liabilities		3,409,128	2,631,503	777,625	3,409,377
Non-current liabilities					
Interest bearing liabilities	43	29,082,160	28,619,918	462,242	28,250,395
Total non-current liabilities		29,082,160	28,619,918	462,242	28,250,395
Total administered liabilities		32,491,288	31,251,421	1,239,867	31,659,772
Administered net assets		(35,166,759)	(34,457,089)	(709,670)	(34,456,828)

* An explanation of major variances is included at Note 47.

The accompanying notes form part of these statements.

** Accounting policy – Administered revenue

In accordance with the *Financial Accountability Act 2009*, all administered revenue is to be transferred to the Treasurer's consolidated fund operating account during the year. Amounts received but not yet transferred to the Treasurer's 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	2019 \$'000	2018 \$'000
Cash flows administered on behalf of the whole-of-government			
Cash flows from operating activities			
<i>Inflows</i>			
Administered item receipts		5,745,806	5,876,589
Grants and other contributions		19,311,569	19,859,938
Taxes		11,581,031	10,814,097
Royalties		5,179,410	4,393,695
Finance income		30,993	33,047
GST input tax credits from ATO		4,883	4,384
Other		423,260	404,653
<i>Outflows</i>			
Transfers to government		(36,517,420)	(35,479,344)
Grants and subsidies		(157,040)	(296,563)
Finance costs		(1,256,605)	(1,350,336)
Supplies and services		(157,470)	(162,197)
GST remitted to ATO		(19,111)	(19,126)
Other		(4,162,657)	(4,042,415)
Net cash provided by/(used in) operating activities		6,649	36,421
Cash flows from investing activities			
<i>Inflows</i>			
Loans and advances received		19,700	21,206
<i>Outflows</i>			
Loans and advances made		(4,067)	(3,935)
Net cash provided by/(used in) investing activities		15,633	17,271
Cash flows from financing activities			
<i>Inflows</i>			
Equity injections		742,959	112,870
Advances received from GOCs		3,014,094	3,213,790
Borrowings		1,578	159
Transfer from redraw		500,000	1,000,000
<i>Outflows</i>			
Borrowing redemptions		(32,077)	(12,276)
Transfer to redraw		(375,000)	(3,065,000)
Advance redemptions to GOCs		(3,081,827)	(2,312,342)
Equity withdrawals		(721,000)	(85,187)
Net cash provided by/(used in) financing activities		48,727	(1,147,986)
Net increase/(decrease) in cash and cash equivalents		71,009	(1,094,294)
Administered cash and cash equivalents at beginning of financial year		(3,825,484)	(2,731,190)
Administered cash and cash equivalents at end of financial year	39	(3,754,475)	(3,825,484)

The accompanying notes form part of these statements.

	2019 \$'000	2018 \$'000
Administered on behalf of the whole-of-government		
Administered comprehensive income		
Non cash finance cost adjustments	(897)	(1,787)
Interest expense on QTC loans	47,588	33,288
Accounting policy change - Impairment	6,512	..
Loan write-off	1,377	..
Change in assets and liabilities:		
(Increase)/decrease in receivables	(64,544)	29,128
(Increase)/decrease in other current assets	(341)	173
Increase/(decrease) in payables	(36,588)	93,245
Increase/(decrease) in transfers to government payable	56,259	(115,849)
Increase/(decrease) in other liabilities	(2,717)	(1,777)
Net cash provided by/(used in) operating activities	6,649	36,421

Reconciliation of Liabilities Arising from Financing Activities
for the year ended 30 June 2019

		Non-Cash Changes				Cashflows		
		Closing balance 2018	Transfers to/(from) other Queensland Government Entities	New Leases Acquired	Interest & Admin Fees	Cash Received	Cash Repayments	Closing balance 2019
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and liabilities administered on behalf of the whole-of-government								
Current liabilities								
Interest bearing liabilities	43	2,298,345	..	..	64,542	3,014,094	(3,095,839)	2,281,142
Non-current liabilities								
Interest bearing liabilities	43	28,250,395	..	..	723,253	501,578	(393,066)	29,082,160
Total administered liabilities		30,548,740	..	..	787,795	3,515,672	(3,488,905)	31,363,302

Reconciliation of Liabilities Arising from Financing Activities
for the year ended 30 June 2018

		Non-Cash Changes				Cashflows		
		Closing balance 2017	Transfers to/(from) other Queensland Government Entities	New Leases Acquired	Interest & Admin Fees	Cash Received	Cash Repayments	Closing balance 2018
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and liabilities administered on behalf of the whole-of-government								
Current liabilities								
Interest bearing liabilities	43	1,359,316	..	..	49,858	3,213,790	(2,324,619)	2,298,345
Non-current liabilities								
Interest bearing liabilities	43	30,329,534	..	..	(14,298)	1,000,159	(3,065,000)	28,250,395
Total administered liabilities		31,688,850	..	..	35,560	4,213,949	(5,389,619)	30,548,740



	Economic and Fiscal Coordination		Revenue Management		Industrial Relations		Other *		Inter-service/activity eliminations		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Income and expenses administered on behalf of the whole-of-government												
Income from continuing operations												
Revenue												
Grants and other contributions	19,280,473	19,859,938	..	..	..	..	..	..	..	..	19,280,473	19,859,938
Taxes	1,340	1,275	11,629,613	10,846,227	..	..	..	..	(13,819)	(28,576)	11,617,135	10,818,926
Royalties	..	..	5,183,244	4,263,206	..	..	..	..	..	..	5,183,244	4,263,206
Interest	..	..	18,885	16,623	..	..	23,781	28,335	(9,367)	(9,378)	33,299	35,580
Appropriation revenue	151,030	184,314	156,519	234,246	..	..	5,520,321	5,526,069	..	..	5,827,870	5,944,629
User charges and fees	..	..	50,493	47,891	..	..	..	..	(10)	..	50,482	71,248
Other revenue	161,005	142,263	242,590	223,394	..	..	15,543	15,393	..	..	419,138	381,050
Total income from continuing operations	19,593,848	20,187,790	17,281,344	15,631,587	..	23,357	5,559,645	5,569,797	(23,196)	(37,954)	42,411,641	41,374,577
Expenses from continuing operations												
Supplies and services	120,203	126,477	5,474	5,222	..	..	26,266	26,156	..	..	151,943	157,855
Losses on receivables	..	..	24,582	88,014	..	..	1,377	..	..	..	25,959	88,014
Finance/borrowing cost	..	..	51	205	..	..	1,315,865	1,398,968	(9,367)	(9,378)	1,306,549	1,389,795
Grants and subsidies	8,477	50,567	136,563	200,242	..	..	12,000	45,754	..	..	157,040	296,563
Other expenses	22,350	7,270	14,431	28,576	..	..	4,173,519	4,063,179	(13,829)	(28,576)	4,196,471	4,070,449
Total expenses from continuing operations	151,030	184,314	181,101	322,259	..	..	5,529,027	5,534,057	(23,196)	(37,954)	5,837,962	6,002,676
Operating result from continuing operations before transfers to government	19,442,818	20,003,476	17,100,243	15,309,328	..	23,357	30,618	35,740	..	..	36,573,679	35,371,901
Transfers of administered comprehensive income to government	19,442,818	20,003,476	17,100,243	15,309,328	..	23,357	30,618	35,740	..	..	36,573,679	35,371,901
Total administered comprehensive income	..	..	..	..	..	..	..	..	..	..	..	..

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

	Economic and Fiscal Coordination		Revenue Management		Other **		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Assets and liabilities administered on behalf of the whole-of-government *								
Current assets								
Cash assets	(86,805)	(41,198)	95,271	91,864	(3,762,941)	(3,876,150)	(3,754,475)	(3,825,484)
Receivables	39,444	54,116	948,337	860,151	20,165	30,021	1,007,946	944,288
Other current assets	147	148	..	..	8,662	8,320	8,809	8,468
Total current assets	(47,214)	13,066	1,043,608	952,015	(3,734,114)	(3,837,809)	(2,737,720)	(2,872,728)
Non-current assets								
Receivables	..	..	..	..	62,249	75,672	62,249	75,672
Total non-current assets	..	..	..	..	62,249	75,672	62,249	75,672
Total administered assets	(47,214)	13,066	1,043,608	952,015	(3,671,865)	(3,762,137)	(2,675,471)	(2,797,056)
Current liabilities								
Payables	130,381	162,233	(19,314)	(22,547)	21,245	29,214	132,312	168,900
Transfer to Government payable	(68,599)	(40,170)	1,020,391	935,826	8,309	8,186	960,101	903,842
Interest bearing Liabilities	..	..	..	..	2,281,142	2,298,345	2,281,142	2,298,345
Other liabilities	..	..	35,573	38,290	..	..	35,573	38,290
Total current liabilities	61,782	122,063	1,036,650	951,569	2,310,696	2,335,745	3,409,128	3,409,377
Non-current liabilities								
Interest bearing Liabilities	..	..	..	..	29,082,160	28,250,395	29,082,160	28,250,395
Total non-current liabilities	..	..	..	..	29,082,160	28,250,395	29,082,160	28,250,395
Total administered liabilities	61,782	122,063	1,036,650	951,569	31,392,856	30,586,140	32,491,288	31,659,772
Administered net assets	(108,996)	(108,997)	6,958	446	(35,064,721)	(34,348,277)	(35,166,759)	(34,456,828)

* 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.



2019	2018
\$'000	\$'000

29 Grants and other contributions

Administered on behalf of the whole-of-government		
GST revenue grant	14,332,279	15,128,564
National Partnership Payments - capital project	1,589,713	1,660,539
National Partnership Payments - recurrent project	638,311	477,773
<i>Specific purpose - recurrent</i>		
- Schools	1,665,198	1,551,299
- Skills and workforce development	304,397	299,240
- Disability services	368,875	406,317
- Affordable housing	313,706	272,138
Other	67,994	64,068
	19,280,473	19,859,938

* Refer note 5 accounting policy. 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 National Insurance Affordability Initiative are on-passed to the Department of Infrastructure, Local Government and Planning. Specific purpose grants received by Treasury relating to plant disease and eradication are on-passed to the Department of Agriculture and Fisheries. All other grants are passed on to the Consolidated Fund.

30 Taxes

Administered on behalf of the whole-of-government		
<i>Taxes</i>		
Duties	4,743,313	4,497,502
Payroll tax	4,203,144	3,947,625
Land tax	1,336,412	1,182,968
Gaming machine tax	734,461	715,054
Gold Lotto	272,509	221,960
Casino tax	109,480	104,092
Golden Casket	31,298	33,481
Keno tax	20,353	20,282
Wagering tax	75,475	9,452
Other taxes	1,296	1,961
	11,527,741	10,734,377
<i>Levies</i>		
Health services levy	89,394	84,549
	89,394	84,549
	11,617,135	10,818,926

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 Equivalent Regime (NTER))*
- *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 (OLGR))*

30 Taxes (continued)

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 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 is recognised when raised, when an assessment becomes overdue or further enforcement activity commences.

2019	2018
\$'000	\$'000

31 Royalties

Administered on behalf of the whole-of-government		
Mining royalties	5,183,244	4,263,206
	<u>5,183,244</u>	<u>4,263,206</u>

Accounting policy – Royalties

The main revenue streams and the governing Acts which underpin them 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 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 is recognised when raised, when an assessment becomes overdue or further enforcement activity commences.

32 Interest

Administered on behalf of the whole-of-government		
Interest from investments	10,144	13,825
Interest from trust funds *	18,885	16,623
Time value financial assets (non-cash)	3,242	3,915
Interest from loans	1,028	1,097
Other	..	120
	<u>33,299</u>	<u>35,580</u>

* Interest collected from Trust funds under the *Property Occupations and Motor Dealers and Chattel Auctioneers Act 2014*.



2019	2018
\$'000	\$'000

33 Appropriation revenue

Administered on behalf of the whole-of-government		
Budgeted administered item appropriation and equity	6,724,751	6,194,203
Transfer (to)/from other departments	..	14,667
Transfer (to)/from other heading	(4,464)	..
Lapsed appropriation	(231,522)	(219,792)
Unforeseen expenditure	..	..
Total administered item receipts including equity	6,488,765	5,989,078
Less opening balance of administered item receivable	..	..
Plus opening balance of administered deferred appropriation payable	82,064	68,040
Less closing balance of administered deferred appropriation payable	(14,543)	(82,064)
Net appropriation revenue	6,556,286	5,975,054
Plus deferred appropriation expense payable to Consolidated Fund	14,543	82,064
Total administered appropriation revenue recognised in the Statement of Comprehensive Income including equity	6,570,829	6,057,118
This is represented by:		
Administered item revenue recognised in Statement of Comprehensive Income	5,827,870	5,944,629
Appropriated equity adjustment recognised in equity injection/(withdrawal)	742,959	112,489
Total administered appropriation revenue recognised in the Statement of Comprehensive Income including equity	6,570,829	6,057,118

34 Other revenue

Administered on behalf of the whole-of-government		
SPER fines	239,114	219,731
Competitive neutrality fees	155,936	137,846
Proceeds of crime from the Public Trustee	8,045	8,137
Miscellaneous receipts	16,043	15,336
	419,138	381,050

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. Revenue is recognised when the unpaid penalty, fine or levy (such as court, traffic offences and tolling fines) has been transferred and registered with SPER. Additional income from enforcement fees on overdue fines is recognised when they are subject to further enforcement action.

Administered user charges and fees primarily relate to SPER administration fees which are brought to account when the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably. This occurs on registration of the default certificate where the amount unpaid is increased by the amount of the registration fee.

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.

2019	2018
\$'000	\$'000

35 Supplies and services

Administered on behalf of the whole-of-government		
GST administration expense remitted to the Commonwealth	120,203	126,477
Reinsurance expense	25,720	25,213
Administration fees	1,410	1,432
Other	4,610	4,733
	151,943	157,855

36 Impairment losses on receivables

Administered on behalf of the whole-of-government		
Impairment losses on receivables – Taxation	5,518	10,572
Impairment loss reversals - SPER	(19,900)	(71,000)
Bad debts written off *	40,341	148,442
	25,959	88,014

* Debt Write Off Guidelines 1/2013, enables the SPER Registrar to write off bad debts in all circumstances in which it is unlikely the debts could be recovered cost effectively. Includes bad debts written off directly, not through provision for impairment, \$6.48 million (refer to note 40).

37 Finance/borrowing costs

Administered on behalf of the whole-of-government		
Interest on loans – QTC	1,211,391	1,305,337
Interest paid by Treasury Offset Bank Account	2,539	1,856
Interest on loans – Commonwealth Government	999	1,063
Interest - other	68,644	57,565
Administration fees	20,631	21,845
Unwind concessional loan discount - Commonwealth borrowings	1,928	2,295
Concessional loan discount - NDRRA loans *	417	(166)
	1,306,549	1,389,795

* represents the discount on initial recognition of NDRRA loans.

Accounting policy – Finance/borrowing costs

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



2019	2018
\$'000	\$'000

38 Other expenses

Administered on behalf of the whole-of-government		
Superannuation benefit payments	1,747,067	1,720,696
Annual leave central scheme claims paid	1,829,207	1,716,867
Long service leave reimbursements	450,651	411,868
Queensland Government Insurance Fund claims	145,232	131,209
Ex-gratia payments *	8,404	7,270
Sundry	15,910	82,539
	4,196,471	4,070,449

* 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 QSuper. 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 (Refer to Note 8).

Superannuation benefit payments

Superannuation benefit payments are recognised in the period when they are paid to QSuper. 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 (ESF).

39 Cash assets

Administered on behalf of the whole-of-government		
Cash at bank	(3,754,475)	(3,825,484)
Comprised of:		
Whole-of-Government Treasury Offset arrangement *	(3,866,215)	(3,899,974)
Other administered bank accounts	111,740	74,490
	(3,754,475)	(3,825,484)

* 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 Cash Advances Fund is utilised to transfer government-owned corporations' surplus funds to the Treasury offset arrangement (refer note 43).

Accounting policy – Cash assets (continued)

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 2019 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 1.5% and 2.14% (2018: between 1.5% to 1.8%) along with an administration margin of 0.10% (2018: 0.10%).

A post balance date transfer of \$375 million (2018: \$0.5b) occurred from the QTC borrowings to the whole-of-government Treasury Offset Arrangement in line with Treasury's operating requirements, also refer note 43.

	2019 \$'000	2018 \$'000
40 Receivables		
Administered on behalf of the whole-of-government		
<i>Current</i>		
Debtors*	1,318,312	1,250,928
Less allowance for impairment*	(369,364)	(390,258)
	948,948	860,670
Competitive neutrality fees	39,077	36,002
Other advances	18,787	19,672
Sundry receivable	757	27,695
GST input tax credits receivable	377	249
	58,998	83,618
	1,007,946	944,288
<i>Non-current</i>		
Other advances	62,249	75,003
Sundry receivable	..	669
	62,249	75,672
	1,070,195	1,019,960

* The debtors balance includes receivables of \$1,037.0 million (2018: \$1,006.7 million) for SPER fines. As at 30 June 2019, a loss allowance of \$325.1 million is recognised for the fines receivable (2018: \$345.0 million) representing 31% of the total amount receivable (2018: 34%).

The receivables other than debtors do not have any loss allowance as they are inter-agency receivables between Treasury, other departments and GOCs.

Movements in allowance for impairment of receivables		
Opening balance *	383,746	450,803
Amounts written off during the year	(33,861)	(20,054)
OIR MoG transfer out	..	(117)
Increase/(decrease) recognised in Statement of Comprehensive Income **	19,479	(40,374)
Balance at 30 June	369,364	390,258

* The opening balance for 2019 reflects the adoption of AASB 9, (refer note 1(i)-2).

** does not include amounts written off directly to bad debts expense, \$6.48 million, (refer note 36).

Accounting policy - Receivables

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



40 Receivables (continued)

Other advances relating to Natural Disaster Relief and Recovery Arrangement (NDRRA) loans are recognised when the State provides upfront funding to 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 3 years after the Commonwealth contribution is received.

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 State Revenue Risk Register with assigned risk ratings. Under this risk based revenue management framework compliance plans are developed with reference to the debt management strategies.

A number of debt collection measures are undertaken including the exercising of legislative powers contained within the *Taxation Administration Act 2001* and the *State Penalties Enforcement Act 1999*, 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.

An allowance for impairment of 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 OSR and SPER 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.

Set out below is the credit risk exposure on Treasury's administered receivables. The comparative disclosure for 2018 is made under AASB 139 impairment rules, where receivables are assessed individually for impairment. The total gross receivables excludes receivables of \$105 million that do not have any loss allowance.

<i>OSR debtors - assessed collectively using a provision matrix</i>				2018		
Administered on behalf of the whole-of-government	2019			2018		
	Gross Receivable \$'000	Loss Rate %	Expected credit losses \$'000	Gross Receivables \$'000	Impairment Allowance \$'000	Carrying amount \$'000
Not yet due	53,526	0.2	121	..	..	..
Less than 30 days	17,191	5.5	950	..	..	..
30 to 60 days	5,641	20.2	1,137	..	..	..
61 to 90 days	9,317	28.8	2,685	..	..	..
Greater than 90 days	76,502	33.3	25,501	..	..	..
Total	162,177		30,394	..	..	..

<i>OSR debtors - assessed individually</i>				2018		
Administered on behalf of the whole-of-government	2019			2018		
	Gross Receivables \$'000	Allowance for impairment \$'000	Carrying amount \$'000	Gross Receivables* \$'000	Allowance for impairment \$'000	Carrying amount \$'000
Not yet due	18	(18)	..	200	(200)	..
Less than 30 days	15	(15)	..	844	(844)	..
30 to 60 days	..	..	..	530	(530)	..
61 to 90 days	463	(463)	..	533	(533)	..
Greater than 90 days	13,374	(13,374)	..	43,151	(43,151)	..
Total	13,870	(13,870)	..	45,258	(45,258)	..

40 Receivables (continued)

SPER debts 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, or written off as unrecoverable. Management judgement is required in assessing the debt resolution rates.

SPER debtors - assessed collectively using a provision matrix			2019	2018		
Administered on behalf of the whole-of-government	Gross	Loss Rate	Expected credit	Gross	Impairment	Carrying
	Receivable	%	losses	Receivables	Allowance	amount
	\$'000		\$'000	\$'000	\$'000	\$'000
Greater than 90 days*	1,036,977	31.4	325,100	345,000	(345,000)	..
Total	1,036,977		325,100	345,000	(345,000)	..

* Majority of SPER debts are over 90 days when they are referred to the debt registry from the referring agencies.

Administered on behalf of the whole-of-government	2018
Ageing of Past Due but not Impaired receivables *	\$'000
Overdue	
Less than 30 days	31,586
30 to 60 days	22,762
61 to 90 days	31,104
Greater than 90 days	679,185
Total overdue	764,637

*This is only applicable for 2018 disclosure due to the change in impairment methodology arising from adoption of AASB 9.

2019	2018
\$'000	\$'000

41 Other current assets

Administered on behalf of the whole-of-government		
Accrued revenue	147	148
Prepayments	8,662	8,320
	8,809	8,468

2019	2018
\$'000	\$'000

42 Payables

Administered on behalf of the whole-of-government		
Deferred appropriation payable to Consolidated Fund	14,543	82,064
Grants payable	112,000	80,903
Trade creditors	757	931
Other creditors	5,012	5,002
	132,312	168,900

43 Interest Bearing Liabilities

Administered on behalf of the whole-of-government		
Current		
Advances payable to GOC's*	2,267,920	2,284,333
Commonwealth borrowings	13,222	14,012
	2,281,142	2,298,345
Non-current		
QTC borrowings **	29,037,230	28,195,628
Commonwealth borrowings	47,248	58,890
Less concessional loan discount and unwind	(2,318)	(4,123)
	29,082,160	28,250,395

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 46 (e).

*Government owned corporations (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 (refer note 39). QTC charge interest at rates between 2.37% and 3.21% (2017–18: between 2.23% and 4.1%) along with an administration margin of 0.15% (2017–18: 0.15%).

QTC borrowings include fixed-rate loans transferred to Treasury amounting to \$738.4 million from the Department of Transport and Main Roads (\$632.6m), Department of Housing and Public Works (\$7.9 million), Department of Education (\$37.6 million), Department of State Development, Manufacturing, Infrastructure and Planning (\$56.1 million) and Public Safety Business Agency (\$4.2 million).

**Interest is charged on whole-of-government borrowing with QTC at rates of between 3.30% and 4.35% (2017-18: between 3.56% and 4.48%) along with an administration margin at the rate of 0.07% (2017-18: between 0.07% and 0.15%) which is accrued and paid quarterly to QTC.

2019	2018
\$'000	\$'000

44 Other liabilities

Administered on behalf of the whole-of-government		
Unearned revenue	34,962	37,840
Sundry liabilities	611	450
	35,573	38,290

Accounting policy – Unearned revenue

Administered unearned revenue is recognised when money is receipted prior to the recognition criteria being met for revenue, as explained in notes 30-31.

45 Contingencies

Administered on behalf of whole-of-government

Litigation in progress

As at 30 June 2019, the following number of cases were filed in the courts:

	Cases	Estimated Amount \$'000
Supreme Court	7	3,621
Civil and Administrative Tribunal	13	2,562
Total	20	6,183

These cases relate to revenue collected by the Office of State Revenue. 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.



46 Financial instruments

(a) Categorisation of financial instruments

Administered on behalf of the whole-of-government			
Category	Notes	2019 \$'000	2018 \$'000
Financial assets			
Cash and cash equivalents	39	(3,754,475)	(3,825,484)
Receivables*	40	1,070,195	1,019,959
Other accrued revenue	41	147	148
Total		(2,684,133)	(2,805,377)
Financial liabilities			
Payables	42	132,312	168,900
Transfer to government payable		960,101	903,842
Advances payable to GOCs	43	2,267,920	2,284,333
QTC borrowings	43	29,037,230	28,195,628
Commonwealth borrowings held at amortised cost*	43	58,152	68,779
Other liabilities	44	611	450
Total		32,456,326	31,621,932

*Natural Disaster Relief and Recovery Arrangements loans (NDRRA) are carried at amortised cost, \$75.7 million (2018: \$88.6 million) with the Commonwealth portion of \$58.1 million (2018: \$68.7 million) and State portion of \$17.6 million (2018: \$19.9 million). The book value of NDRRA loans amount to \$80.5 million (2018: \$96.1 million) with the State portion of \$20.0 million (2018: \$23.2 million) and a Commonwealth portion of \$60.5 million (2018: \$72.9 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 2018-19 the interest rate was 1.37% (2018: 1.25%), which was calculated as 50% of the 10-year Treasury bond rate, averaged over the three-month period between April and June 2018.

(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 Fiscal Strategy Division 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 the QTC (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 for the Floating Rate Government Debt Pools and Advances payable to GOCs.

The following table sets out the liquidity risk of financial liabilities held by Treasury. It represents the contractual maturity of financial liabilities, calculated base 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.

46 Financial instruments (continued)

(c) Liquidity risk (continued)

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						
		2019 payable in			Total	
		< 1 year	1 - 5 years	> 5 years	undiscounted	Carrying
Notes		\$'000	\$'000	\$'000	cash flow	amount
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities						
Payables	42	132,312	..	..	132,312	132,312
Transfer to government payable		960,101	..	..	960,101	960,101
Commonwealth borrowings*	43	14,050	39,756	9,142	62,948	60,470
Advances payable to GOCs	43	2,267,920	..	..	2,267,920	2,267,920
QTC borrowings	43	1,187,632	4,749,306	29,007,887	34,944,825	29,037,230
Other liabilities	44	611	..	..	611	611
Total		4,562,626	4,789,062	29,017,029	38,368,717	32,458,644

Administered on behalf of the whole-of-government						
		2018 payable in			Total undiscounted cash flow	Carrying amount
		< 1 year	1 - 5 years	> 5 years		
Notes		\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities						
Payables	42	168,900	..	..	168,900	168,900
Transfer to government payable		903,842	..	..	903,842	903,842
Commonwealth borrowings*	43	14,923	40,425	20,618	75,966	72,902
Advances payable to GOCs	43	2,284,333	..	..	2,284,333	2,284,333
QTC borrowings	43	1,187,885	4,749,129	28,165,988	34,103,002	28,195,628
Other liabilities	44	450	..	..	450	450
Total		4,560,333	4,789,554	28,186,606	37,536,493	31,626,055

*Carrying amount excludes amortised cost component of Commonwealth borrowings.

(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 borrowings, loans and advances and cash deposited in interest bearing accounts.

Interest rate sensitivity analysis

The following interest rate sensitivity analysis depicts the outcome on comprehensive income if interest rates were to change by +/- 1% from the year end rates applicable to Treasury's financial assets and liabilities. This is mainly attributable to Treasury's exposure to variable interest rates on its borrowings from QTC, the Commonwealth and cash holdings.



46 Financial instruments (continued)

(d) Market risk (continued)

(d) Interest rate sensitivity analysis

Administered on behalf of the whole-of-government				
Financial instruments	Carrying amount	2019 Interest rate risk		
		-1%		1%
		Transfer to government	Equity	Increase in appropriation revenue
				Equity
	\$'000	\$'000	\$'000	\$'000
Cash	(3,866,215)	38,662	38,662	(38,662)
Receivables				
Loans and advances	60,470	(605)	(605)	605
Interest bearing liabilities				
Commonwealth borrowings	60,470	605	605	(605)
Advances payable to GOCs	2,267,920	22,679	22,679	(22,679)
QTC borrowings – Fixed Rate Debt Pool	7,898,425	..	..	..
QTC borrowings – General Debt Pool (floating rate)	21,138,805	16,300	16,300	(14,589)
Potential impact		77,641	77,641	(75,930)

Administered on behalf of the whole-of-government				
Financial instruments	Carrying amount	2018 Interest rate risk		
		-1%		1%
		Transfer to government	Equity	Increase in appropriation revenue
				Equity
	\$'000	\$'000	\$'000	\$'000
Cash	(3,899,974)	39,000	39,000	(39,000)
Receivables				
Loans and advances	72,902	(729)	(729)	729
Interest bearing liabilities				
Commonwealth borrowings	72,902	729	729	(729)
Advances payable to GOCs	2,284,333	22,843	22,843	(22,843)
QTC borrowings – Fixed Rate Debt Pool	7,898,663	..	..	..
QTC borrowings – General Debt Pool (floating rate)	20,296,965	14,073	14,073	(12,821)
Potential impact		75,916	75,916	(74,664)

(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.

46 Financial instruments (continued)

(e) Fair value (continued)

- 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			2019 Total carrying amount \$'000
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets and liabilities					
Cash and cash equivalent					
Other administered bank accounts		111,740	..	..	111,740
Whole-of-government Treasury Offset Arrangement		(3,866,215)	..	..	(3,866,215)
Interest bearing liabilities - Advances payable to GOCs		2,267,920	..	..	2,267,920
Total		(1,486,555)	..	..	(1,486,555)

Class		Classification according to fair value hierarchy			2018 Total Carrying Amount \$'000
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets and liabilities					
Cash and cash equivalent					
Other administered bank accounts		74,490	..	..	74,490
Whole-of-government Treasury Offset Arrangement		(3,899,974)	..	..	(3,899,974)
Interest bearing liabilities - Advances payable to GOCs		2,284,333	..	..	2,284,333
Total		(1,541,151)	..	..	(1,541,151)

Treasury does not recognise any financial assets or financial liabilities at fair value other than for cash and cash equivalents on its Statement of Financial Position.

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 borrowings is notified by QTC. It is calculated using discounted cash flow analysis and the effective interest rate and is disclosed below.

Administered on behalf of the whole-of-government				
Fair value				
	2019		2018	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Receivables				
Loans and advances*	85,814	86,413	102,154	98,504
	85,814	86,413	102,154	98,504
Financial liabilities				
Interest bearing liabilities – Commonwealth borrowings*	60,470	61,352	72,902	70,468
Interest bearing liabilities – QTC borrowings	29,037,230	33,173,021	28,195,628	30,400,102
Total	29,097,700	33,234,373	28,268,530	30,470,570

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



47 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.

Explanation of major variances for Statement of Comprehensive Income

- Note 31: The increase reflects the impact of higher coal prices on coal royalties, partially offset by less than anticipated mining royalties.
- Note 32: The increase is mainly due to higher than budgeted interest on Treasurer's cash balances.
- Note 35: The decrease is mainly due to lower GST administration expense remitted to the Commonwealth (\$6.397M) and lower reinsurance expenses of \$4.480M. This is partially offset by higher valuation fees.
- Note 36: The decrease is mainly due to lower than anticipated impairment losses for the State Penalties Enforcement Registry receivables (\$25.349M) as a result of increased debt recovery activity. Also contributing is lower than anticipated impairment loss for the Office of State Revenue receivables (\$7.914M).
- Face Grants and subsidies - The decrease is mainly due to lower than anticipated grant payments associated with the Jobs and Regional Growth Fund (\$53.511M) and the First Home Owners' Grant (\$8.749M).

Explanation of major variances for Statement of Financial position

- Note 39: The decrease is mostly attributable to the Treasury Offset Account (TOA). The purpose of TOA 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 TOA fluctuate from year to year depending on the balances of other accounts within the whole-of-government cash offset arrangements.
- Note 40: The decrease is primarily due to lower than anticipated mining royalties receivables recognised at year end as a result of re-assessments and finalisation of ongoing matters, partially offset by lower than anticipated impairments for the State Penalties Enforcement Registry receivables as a result of a review into collection rates.
- Note 42: The increase is primarily due to \$112M GST revenue to be returned to the Commonwealth Government and \$14.543M unbudgeted appropriation payable to the Consolidated Fund.
- Face Transfers to government payable - The decrease reflects lower than expected administered revenue earned but yet to be transferred to the Consolidated Fund at year end.
- Note 43: The increase mainly reflects the higher than budgeted volume of GOC advances.

48 Related entity transactions with other government departments

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. Note 2 summarises the transfer of assets and liabilities arising from a MoG change.

Controlled transactions

To support the Advance Queensland initiative Treasury holds an investment with QIC for the Business Development Fund, which provides early stage co-investment funding to promote angel and venture capital to Queensland based businesses (note 16).

Treasury received revenue from the Department of Education for provision of data for education planning services and QGrant system support services, from Queensland Health for preventative health surveys and from Department of Employment, Small Business and Training for employment related data collection and QGrant system support services (note 4).

Treasury received revenue from the Motor Accident Insurance Commission and Nominal Defendant for corporate support, ICT services and actuarial services (note 4)

Treasury paid the Department of Housing and Public Works for the management of accommodation leases, Queensland Shared Services (QSS) for business service fees and Smart Services Queensland for the outsourcing the SPER contact centre (note 9).

48 Related entity transactions with other government departments (continued)

Controlled transactions (continued)

Treasury paid legal fees to the Department of Justice and Attorney-General for professional services rendered in relation to State Revenue legal cases (note 9).

Treasury paid grants (\$1.3 million) and equity withdrawals (\$3.9 million) for the development of an ICT system for the delivery of the Financial Assurance Framework Reforms to the Department of Environment and Science (DES) and Department of Natural Resources, Mines and Energy (DNRME). Cash and Non-Cash Surety were also transferred to Treasury from DES and DNRME upon the commencement of the Financial Assurance Provisioning Scheme on 1 April 2019 (note 2 (b)).

Treasury paid grant and equity funding to CleanCo Queensland, a newly established GOC to support the growth of Queensland's renewable energy industry (note 10).

Treasury remitted to the Consolidated Fund the proceeds from the sale of the Investment in PEXA shares (note 25).

The QTH consolidated entity invested funds with the QTC Cash Fund as at 30 June 2019 totalled \$93.6 million (2018: \$83.0 million) and interest revenue net of management fees received during the year totalled \$2.3 million (2018: \$1.8 million).

The QTH consolidated entity has loan balances outstanding to QTC as at 30 June 2019 of \$112.9 million (2018: \$121.6 million) with interest expense and fees totalling \$5.7 million (2018: \$6.1 million) capitalised against these loans.

QTC provides company secretariat and accounting services to the QTH consolidated entity. A fee of \$395,088 (2018: \$370,240) was charged for these services.

Administered transactions

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 (note 38).

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 (GDP). This includes advances from GOCs under the GOC cash offset arrangements (note 43). Treasury has received fixed rate loans from the Department of Transport and Main Roads, Department of Housing and Public Works, Department of Education, Department of State Development, Manufacturing, Infrastructure and Planning and Public Safety Business Agency which were transferred to the GDP (note 43).

Treasury administers the collection of competitive neutrality fees from GOCs under the National Competition Policy (Note 34).

Treasury's State Revenue collection is responsible for administering local government tax equivalents under the *Local Government Act 2009* (note 30). 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 (\$181.7 million).

Treasury receives appropriation revenue (note 3 and 33) provided in cash via the state's Consolidated Fund.

Treasury pays interest for borrowings it undertakes with QTC (note 37), note 39 and 43 outlines the key terms and conditions of those borrowings.

Treasury collects state revenues and transfers to the Consolidated Fund, refer to the Administered Statement of Comprehensive Income.

Treasury administers the provision of State and Commonwealth loans (\$3.3 million) and grants (\$9.3 million) for NDRRA to Queensland Reconstruction Authority and Queensland Rural and Industry Development Authority (QRIDA) (formerly Queensland Rural Adjustment Authority (note 40).

Treasury administers grants to statutory bodies including Queensland Productivity Commission (\$4.4 million), Queensland Competition Authority (\$4.0 million) and the Cross River Rail Delivery Authority (CRRDA) of \$12 million. Refer to grants and subsidies on the Administered Statement of Comprehensive Income. Equity withdrawal payments of \$721 million were also made to CRRDA.

Treasury administers the receipt of unclaimed monies and proceeds of crime from the Public Trustee Office (PTO) for transfer to the Consolidated Fund (note 34).

49 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.



49 Transfer payments (continued)

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.

Amounts received from the Commonwealth for direct payments to the following entities in 2018-19 totalled \$2.801 billion (2017–18: \$2.559 billion):

- Department of Education (quality schools funding, \$2.765 billion (2017–18: \$2.548 billion))
- Department of Agriculture and Fisheries (pest and disease preparedness and response programs, \$30.137 million (2017–18: \$10.647 million))
- Department of Local Government, Racing and Multicultural Affairs (National Insurance Affordability Initiative, \$4.980 million (2017-18: Nil))

50 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 2018-19 financial year the total value of grants paid was \$282.638 million (2017-18: \$249.462 million). The increase in 2018-19 is predominantly due to the inclusion of Back to Work grants paid across the full financial year (\$78.350 million) as opposed to the inclusion of grants only paid 1 January 2018 to 30 June 2018 (\$49.079 million) in 2017-18, following a MoG change which resulted in responsibility for the program moving from Treasury to the Department of Employment, Small Business and Training from 1 January 2018.

QSuper 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 2019 was \$6.927 million (2017-18 \$3.481 million), which represents money in transit to be identified as owing to either the Consolidated Fund and/or other Government Agencies.

51 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 reporting date, the balance in the account is \$0.665 million (2017–18: \$0.853 million) including interest earned for the year, \$9,563.29 (2017–18: \$10,760.81), which represents unspent funds advanced by 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.

52 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.

	2019 \$'000	2018 \$'000
Opening balance	15,226	17,415
Collections:		
Cash receipts	46,639	43,831
Debtor overpayments	361	(973)
Cash not receipted	(54)	(626)
Cash not banked	18	107
Other	44	37
Distributions to principals	(49,210)	(44,565)
Balance 30 June	13,024	15,226

As Treasury performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements. 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 49–52).

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the Financial and Performance Management Standard 2009 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 Treasury for the financial year ended 30 June 2019 and of the financial position of Treasury at the end of that year.

The Under Treasurer, as the Accountable Officer of the Department, acknowledge(s) responsibility under s.8 and s.15 of the *Financial and Performance Management Standard 2009* 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.



F. Carroll FCCA, AITI, CA, GAICD
Under Treasurer

26 August 2019



D. Brooks BComm, FCPA
Chief Finance Officer

26 August 2019

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 entities (the group).

In my opinion, the financial report:

- gives a true and fair view of the parent's and group's financial position as at 30 June 2019, and their financial performance and cash flows for the year then ended
- complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 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 2019, 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 certificate given by the Under Treasurer and the Chief Finance Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland 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 of Queensland 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 payroll tax revenue (\$4.203 billion as at 30 June 2019)

Refer to note 30 in the financial report

Key audit matter	How my audit procedures addressed this key audit matter
<p>Payroll tax is a material balance of the department. The self-assessed nature of payroll tax increases the risk over completeness of payroll tax revenue collected and accrued, as reported in the administered statement of comprehensive income.</p> <p>Completeness of revenue recognised is dependent on whether:</p> <ul style="list-style-type: none"> all liable taxpayers have registered to pay payroll tax the amounts disclosed by taxpayers accurately reflect their operations, and thus the calculation base for the tax is complete. <p>The department verifies taxpayer compliance using a risk-management approach, to ensure taxpayers are paying the correct amount of tax.</p> <p>The department has implemented an annual compliance program to address this risk.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Testing the controls within the revenue management system to confirm the accuracy of the payroll tax calculation. Reviewing outcomes of Queensland Treasury's compliance program for payroll tax and assessing the extent of historical recoveries to determine the impact on the overall payroll tax revenue. Performing the following analytical review over payroll tax income: <ul style="list-style-type: none"> analysing and corroborating the year on year trends at business partner level to identify any unusual movements/relationships. comparing the trends in external data such as wage growth rate and employment rate to the movement in payroll tax income and corroborating any unusual movements/relationships. analysing and corroborating the year on year trends between the payroll tax revenue, budgeted payroll tax revenue and the Mid-Year Fiscal and Economic Review (that provides update on the State's economic and fiscal position since the original budget).

**Impairment of State Penalties Enforcement Registry (SPER) Fines Receivable
(SPER fines revenue \$239.1 million for 2018-19; receivables of \$1,037.0 million as at 30 June 2019)**

Refer to notes 34, 36 and 40 in the financial report

Key audit matter	How my audit procedures addressed this key audit matter
<p>SPER debts are impaired on consideration of the likelihood of collectability with reference to historical activity for the specific debt types being assessed.</p> <p>Management judgement is required in assessing the extent to which debts may be impaired.</p>	<p>My procedures included but were not limited to:</p> <ul style="list-style-type: none"> 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.

Other information

Other information comprises the information included in the entity's annual report for the year ended 30 June 2019 but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

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 2009 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, but not for expressing an opinion on the effectiveness of the parent's and group's internal control.
- 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

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



Brendan Worrall
Auditor General

28 August 2019

Queensland Audit Office
Brisbane

Appendices

Consultancies, language services, overseas travel

Reports of Treasury's expenditure on consultancies, language services and overseas travel are published on the Open Data website data.qld.gov.au

External scrutiny

External audits and reviews aid transparency in government, help Treasury improve its performance, and help Treasury monitor our progress in advancing Queensland's priorities.

The following reports of independent reviews were tabled in Parliament during 2018–19:

Auditor-General Report to Parliament

Monitoring and managing ICT projects

Report 1: 2018–19, tabled 10 July 2018

Recommendations

That all departments:

- + implement efficient and automated processes for collecting, collating, approving and publishing dashboard data
- + publish data to the dashboard that is consistent with the Queensland Government Chief Information Officer publishing criteria and guidelines
- + consider the need for projects with high business impact to undergo periodic health checks in addition to gate reviews

- + use learnings (including the QGCIO's summary of systemic issues) from project health checks and gate reviews in monitoring and managing programs and projects.

Treasury's response

Queensland Treasury will continue to:

- + look for ways to optimise the data collection and publication process
- + provide detail in explanatory notes when changes are made to scope, time or budget
- + identify any opportunities for improvement to existing assurance processes.

Auditor-General Report to Parliament

Delivering shared corporate services in Queensland

Report 3: 2018–19, tabled 27 September 2018

Recommendations

- + That the Department of Housing and Public Works work with Queensland Treasury to propose options for a revenue and investment model for shared corporate services providers and customers.
- + That each customer of a Queensland Government shared corporate service provider contribute to driving the effectiveness and efficiency of shared corporate services within Queensland Government by:

- + providing shared service providers with quality inputs to their processes to aid efficient processing
- + considering the effect on efficiencies and economies of scale of shared services at a whole-of-government level in any analysis rather than only at the individual customer level
- + continuing to communicate any proposed changes to demand for services in a timely manner to allow the provider to make appropriate arrangements
- + effectively monitoring performance of shared service providers in accordance with shared service level agreements
- + continuing to collaborate on improvement initiatives.

Treasury's response

Queensland Treasury:

- + has been working with Housing and Public Works to explore options
- + will work with relevant agencies to progress the recommendations
- + has representatives across the service lines regularly meet with QSS to discuss business requirements and collaborative solutions to improve service delivery and reduce ongoing cost.



Auditor-General Report to Parliament

Queensland State Government: 2017–18 results of financial audits

Report 14: 2018–19, tabled 28 February 2019

Queensland Treasury and its entities received an unmodified audit opinion on its financial statements.

Report of the Information Commissioner

Report No. 2 to the Queensland Legislative Assembly for 2018–19

Information Management – Queensland Government department maturity

In December 2018 the Office of the Information Commissioner (OIC) commissioned two agency self-assessment audits:

- + an information management maturity audit which measured Queensland Treasury's information management maturity against predetermined criteria
- + a self-assessment on right to information and information privacy compliance.

Treasury's response – Maturity audit

Departmental responses to the audit were aggregated by OIC and the results tabled in Parliament. Subsequently OIC provided departments with a scorecard detailing the departments' average self-assessed maturity.

Treasury's maturity fell in the 'developing group'. Since September 2018, 12 maturity targets have been satisfied with 33 remediation activities on track to be completed by 30 June 2020.

Treasury's response – Right to information/privacy self-assessment

The objective of the self-assessment audit was to determine agency conformity with the *Right to Information Act 2009* and the *Information Privacy Act 2009*.

These aim to ensure departments make government information available, while protecting individual privacy and other public interests.

The self-assessment audit resulted in Queensland Treasury requiring action on only nine items out of a total of 231 responses. All areas will be completed during 2019.

Government bodies

A report on the activities of the Business Development Fund Investment Panel is available at www.treasury.qld.gov.au.

Legislation

Aboriginal Land Act 1991 (Part 18 to the extent that it is relevant to royalties)

Airport Assets (Restructuring and Disposal) Act 2008

Alcan Queensland Pty. Limited Agreement Act 1965 (to the extent that it is relevant to royalties)

Appropriation Act 2017

Appropriation Act 2018

Appropriation Act (No. 2) 2017

Appropriation Act (No. 2) 2018

Appropriation (Parliament) Act 2017

Appropriation (Parliament) Act 2018

Appropriation (Parliament) Act (No. 2) 2017

Appropriation (Parliament) Act (No. 2) 2018

Betting Tax Act 2018

Brisbane Trades Hall Management Act 1984

Building Boost Grant Act 2011

Central Queensland Coal Associates Agreement Act 1968 (to the extent that it is relevant to royalties); (Sch pt V)

Commonwealth Aluminium Corporation Pty. Limited Agreement Act 1957 (to the extent that it is relevant to royalties)

Commonwealth Places (Mirror Taxes Administration) Act 1999

Community Ambulance Cover Levy Repeal Act 2011

Competition Policy Reform (Queensland) Act 1996

Cross River Rail Delivery Authority Act 2016

Dalrymple Bay Coal Terminal (Long-term Lease) Act 2001

Duties Act 2001

Financial Accountability Act 2009

Financial Agreement Act 1994

Financial Intermediaries Act 1996

Appendices

Financial Sector Reform (Queensland) Act 1999

First Home Owner Grant Act 2000

Fossicking Act 1994 (to the extent that it is relevant to royalties)

Fuel Subsidy Repeal Act 2009

Gaming Machine Act 1991 (s 322(a))

Geothermal Energy Act 2010 (to the extent that it is relevant to royalties)

Government Owned Corporations Act 1993

GST and Related Matters Act 2000

Infrastructure Investment (Asset Restructuring and Disposal) Act 2009

Judges (Pensions and Long Leave) Act 1957 (s17)

Land Tax Act 2010

Mineral and Energy Resources (Financial Provisioning) Act 2018

Mineral Resources Act 1989 (to the extent that it is relevant to royalties)

Motor Accident Insurance Act 1994

Mount Isa Mines Limited Agreement Act 1985 (to the extent that it is relevant to royalties)

Mutual Recognition (Queensland) Act 1992

National Injury Insurance Scheme (Queensland) Act 2016

Occupational Licensing National Law (Queensland) Act 2010

Offshore Minerals Act 1998 (to the extent that it is relevant to royalties)

Payroll Tax Act 1971

Petroleum Act 1923 (to the extent that it is relevant to royalties)

Petroleum and Gas (Production and

Safety) Act 2004 (to the extent that it is relevant to royalties)

Petroleum (Submerged Lands) Act 1982 (to the extent that it is relevant to royalties)

Public Officers Superannuation Benefits Recovery Act 1988

Queensland Competition Authority Act 1997

Queensland Investment Corporation Act 1991

Queensland Nickel Agreement Act 1970 (all financial and related matters); (to the extent that it is relevant to royalties)

Queensland Productivity Commission Act 2015

Queensland Treasury Corporation Act 1988

South East Queensland Water (Restructuring) Act 2007 (including as a responsible Minister for the purposes of Chapter 2 of the Act)

State Financial Institutions and Metway Merger Facilitation Act 1996

State Penalties Enforcement Act 1999 (except to the extent administered by the Attorney-General and Minister for Justice)

Statistical Returns Act 1896

Statutory Authorities (Superannuation Arrangements) Act 1994

Statutory Bodies Financial Arrangements Act 1982

Superannuation (Public Employees Portability) Act 1985

Superannuation (State Public Sector) Act 1990

Taxation Administration Act 2001

Thiess Peabody Coal Pty. Ltd. Agreement Act 1962 (to the extent that it is relevant to royalties)

Thiess Peabody Mitsui Coal Pty. Ltd. Agreements Act 1965 (to the extent that it is relevant to royalties)

Torres Strait Islander Land Act 1991 (Part 13 to the extent that it is relevant to royalties)

Trans-Tasman Mutual Recognition (Queensland) Act 2003

Publications

We produce a range of publications, guidelines, and other useful resources about:

- + each year's Queensland Budget cycle
- + financial and economic policy
- + government-owned corporations
- + economic, statistical and demographic research
- + infrastructure projects
- + state revenue, including land tax, payroll tax and duties
- + the First Home Owners' Grant
- + advice on paying infringement notices and fines.

Many of these are available through www.treasury.qld.gov.au or by contacting us at communications@treasury.qld.gov.au

Regulatory improvement

A report on the Office of State Revenue's regulatory improvement activities, under the government's Regulator Performance Framework, is available from www.treasury.qld.gov.au



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Glossary

BDF

Business Development Fund

Duties

A state tax on certain transactions including transfer of property (transfer duty), vehicle registration, insurance contracts and other acquisitions.

ELT

Treasury's Executive Leadership Team

Financial Provisioning Scheme/Fund

A scheme introduced in 2018 to address Queensland's abandoned mine legacy by improving environmental and mine rehabilitation while reducing the financial risk to the state associated with the resource sector.

GOC

Government-owned corporation

Horizontal fiscal equalisation (HFE)

A process to address the differences between states' and territories' ability and capacity to raise revenue. Australia's Commonwealth Grants Commission states that HFE 'aims to put all states on a level fiscal playing field'.

Land tax

State tax on freehold land, assessed on the taxable value of an owner's total land holdings. In Queensland, landowners are entitled to an exemption from land tax for the land they use as their home.

NAIF

Northern Australia Infrastructure Facility

Nominal Defendant

A statutory body that compensates people injured by unidentified and uninsured vehicles.

OSR

Office of State Revenue

Payroll tax

State tax paid if an employer, or group of employers, pays more than \$1.1 million per year in total Australian taxable wages.

From 2019–20, the payroll tax rate will increase to \$1.3 million in total Australian taxable wages.

Proponent

In the context of major infrastructure, one who puts forward a proposition or proposal.

QAO

Queensland Audit Office

QCA

Queensland Competition Authority, an independent economic regulator whose primary role is to ensure monopoly businesses operating in Queensland, particularly those that provide key infrastructure (for example rail, water or transport infrastructure), do not abuse their market power through unfair pricing or restrictive access arrangements.

QPC

Queensland Productivity Commission, a body established to drive economic growth and lift productivity and living standards by advising on complex economic and regulatory issues.

Royalty revenue

Royalties are payments to the owners of a resource for the right to sell, dispose of or use that resource. In the context of Treasury's revenue management service, these resources are usually from petroleum, coal and other mining activities.

State Penalties Enforcement Registry (SPER)

Part of the Office of State Revenue, SPER collects and enforces unpaid infringement notice fines, court-ordered monetary penalties, offender debt recovery orders and offender levies issued in Queensland.

Third party access

Third party access provides a legislated right for a party (the third party) to use another person's infrastructure. For example, a mining company may seek to transport minerals from its mines to a port via a rail line owned and operated by someone else. Third party access may need to be regulated where owners or operators of significant natural monopoly infrastructure have the potential to deny access to their facilities or charge excessive prices, which would hinder or prevent competition in a dependent market. See also QCA Declaration Review on page 32.

VISS

Vehicle Immobilisation Seizure and Sale program, in which vehicles of high-value fine debtors are immobilised through wheel clamping and/or seized and sold to recoup unpaid penalty debt.

Work and development order (WDO)

A means for resolving penalty debt. WDOs allow eligible debtors in financial hardship who are unable to pay a fine to resolve their debt through unpaid community work.



Contact us

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www.treasury.qld.gov.au

Statutory and other bodies

Cross River Rail Delivery Authority

PO Box 15476, Brisbane City East Qld 4002, Australia
Phone: 1800 010 875
Email: info@crossriverrail.qld.gov.au
Web: www.crossriverrail.qld.gov.au/about-us/

Motor Accident Insurance Commission

GPO Box 2203, Brisbane Qld 4001, Australia
Phone: 1300 302 568
Email: maic@maic.qld.gov.au
Web: www.maic.qld.gov.au

National Injury insurance Scheme Queensland Agency

GPO Box 1391, Brisbane Qld 4001, Australia
Phone: 1300 607 566
Email: enquiries@niis.qld.gov.au
Web: niis.qld.gov.au

Nominal Defendant

GPO Box 2203, Brisbane Qld 4001, Australia
Phone: +61 7 3035 6321
Email: nd@maic.qld.gov.au
Web: www.maic.qld.gov.au

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Level 27, 145 Ann Street, Brisbane Qld 4000, Australia
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Phone: +61 7 3222 0500
Web: www.qca.org.au

Queensland Productivity Commission

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Feedback

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Queensland Treasury Annual Report 2018–19 compliance checklist

Requirement		Basis for requirement	AR page ref.
Letter of compliance	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Inside front cover
Accessibility	Table of contents Glossary	ARRs – section 9.1	Page 1 Page 114
	Public availability	ARRs – section 9.2	Inside front cover
	Interpreter service statement	Queensland Government Language Services Policy ARRs – section 9.3	Inside front cover
	Copyright notice	Copyright Act 1968 ARRs – section 9.4	Inside front cover
	Information Licensing	QGEA – Information Licensing ARRs – section 9.5	Inside front cover
General information	Introductory Information	ARRs – section 10.1	Pages 2, 7
	Machinery-of-government changes	ARRs – section 10.2, 31 & 32	Not applicable
	Agency role and main functions	ARRs – section 10.2	Pages 7, 8, 9, 109–110
	Operating environment	ARRs – section 10.3	Pages 3–6, 9, 21–37
Non-financial performance	Government's objectives for the community	ARRs – section 11.1	Page 9
	Other whole-of-government plans / specific initiatives	ARRs – section 11.2	Pages 23, 25, 26, 28, 32
	Agency objectives and performance indicators	ARRs – section 11.3	Pages 3–6
	Agency service areas and service standards	ARRs – section 11.4	Pages 3–6, 21–37
Financial performance	Summary of financial performance	ARRs – section 12.1	Pages 38–42
Governance – management and structure	Organisational structure	ARRs – section 13.1	Pages 12–13
	Executive management	ARRs – section 13.2	Pages 10–11
	Government bodies (<i>statutory bodies and other entities</i>)	ARRs – section 13.3	www.treasury.qld.gov.au
	<i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Page 19
	Queensland public service values	ARRs – section 13.5	Pages 7, 19
Governance – risk management and accountability	Risk management	ARRs – section 14.1	Pages 14–15
	Audit committee	ARRs – section 14.2	Pages 14–15
	Internal audit	ARRs – section 14.3	Pages 14–15
	External scrutiny	ARRs – section 14.4	Pages 8–9, 108–109
	Information systems and recordkeeping	ARRs – section 14.5	Page 15
Governance – human resources	Strategic workforce planning and performance	ARRs – section 15.1	Pages 16–20
	Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2	Page 19
Open Data	Statement advising publication of information	ARRs – section 16	Page 108
	Consultancies	ARRs – section 33.1	data.qld.gov.au
	Overseas travel	ARRs – section 33.2	data.qld.gov.au
	Queensland Language Services Policy	ARRs – section 33.3	data.qld.gov.au
Financial statements	Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1	Page 104
	Independent Auditor's Report	FAA – section 62 FPMS – section 50 ARRs – section 17.2	Page 105

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

