

FORM 18-K

For Foreign Governments and Political Subdivisions Thereof

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

ANNUAL REPORT

of

QUEENSLAND TREASURY CORPORATION

(registrant)

a Statutory Corporation of

THE STATE OF QUEENSLAND, AUSTRALIA

(co-registrant)

(Names of Registrants)

Date of end of last fiscal year:

June 30, 2018

SECURITIES REGISTERED

(As of the close of the fiscal year)

Title of Issue	Amounts as to which registration is effective	Names of exchanges on which registered
Global A\$ Bonds	A\$—	None (1)
Medium-Term Notes	US\$—	None (1)

(1) This Form 18-K is being filed voluntarily by the registrant and co-registrant.

Names and addresses of persons authorized to receive notices and communications of behalf of the registrant and co-registrant from the Securities and Exchange Commission:

Philip Noble
Chief Executive
Queensland Treasury Corporation
Level 31, 111 Eagle Street
Brisbane, Queensland 4000
Australia

Mary-Anne Curtis
Acting Under Treasurer of the State of Queensland
Level 38, 1 William Street
Brisbane, Queensland 4000
Australia

THE REGISTRANT

The information set forth below is to be furnished:

1. In respect of each issue of securities of the registrant registered, a brief statement as to:

(a) The general effect of any material modifications, not previously reported, of the rights of the holders of such securities.
No such modifications.

(b) The title and the material provisions of any law, decree or administrative action, not previously reported, by reason of which the security is not being serviced in accordance with the terms thereof.
No such provisions.

(c) The circumstances of any other failure, not previously reported, to pay principal, interest, or any sinking fund or amortization installment.
No such failure.
2. A statement as of the close of the last fiscal year of the registrant giving the total outstanding of:

(a) Internal funded debt of the registrant. (Total to be stated in the currency of the registrant. If any internal funded debt is payable in a foreign currency it should not be included under paragraph (a), but under paragraph (b) of this item.)
The face value of internal funded debt of the registrant as of June 30, 2018 totaled AUD 87 billion. This represents all of the registrant’s fixed and floating indebtedness issued within Australia.

(b) External funded debt of the registrant. (Totals to be stated in the respective currencies in which payable. No statement need be furnished as to intergovernmental debt.)
As of June 30, 2018, the external funded debt of the registrant, excluding the net value of currency swaps and forwards contracts, was as follows (in millions):

	Face Value	
Repayable in United States dollars	USD	736
Repayable in Australian dollars	AUD	0
Repayable in New Zealand dollars	NZD	0
Repayable in Japanese yen	YEN	15,000
Repayable in Great British Pounds	GBP	130
Repayable in Euros	EUR	401
Repayable in Swiss francs	CHF	110

3. A statement giving the title, date of issue, date of maturity, interest rate and amount outstanding, together with the currency or currencies in which payable, of each issue of funded debt of the registrant outstanding as of the close of the last fiscal year of the registrant.
See Exhibit (d).

4. (a) As to each issue of securities of the registrant which is registered, there should be furnished a breakdown of the total amount outstanding, as shown in Item 3, into the following:
- (1) Total amount held by or for the account of the registrant.
Nil.
- (2) Total estimated amount held by nationals of the registrant (or if registrant is other than a national government, by the nationals of its national government); this estimate need be furnished only if it is practicable to do so.
Nil.
- (3) Total amount otherwise outstanding.
As of June 30, 2018, the total face value of registered securities under the Global A\$ Bond Facility of the registrant otherwise outstanding was AUD 0 million. The registrant had no outstanding registered securities under the Medium-Term Note Facility.
- (b) If a substantial amount is set forth in answer to paragraph (a)(1) above, describe briefly the method employed by the registrant to reacquire such securities.
Not applicable.
5. A statement as of the close of the last fiscal year of the registrant giving the estimated total of:
- (a) Internal floating indebtedness of the registrant. (Total to be stated in the currency of the registrant.)
Apart from the internal floating indebtedness noted in Exhibit (e) under “Public Debt—Outstanding Domestic Australian Dollar Indebtedness as at June 30, 2018”, as of June 30, 2018, the registrant had no internal floating indebtedness.
- (b) External floating indebtedness of the registrant. (Total to be stated in the respective currencies in which payable.)
Apart from the external floating indebtedness noted in Exhibit (e) under “Public Debt—Outstanding Offshore Indebtedness”, as of June 30, 2018, the registrant had no external floating indebtedness.
6. Statements of the receipts, classified by source, and of the expenditures, classified by purpose, of the registrant for each fiscal year of the registrant ended since the close of the latest fiscal year for which such information was previously reported. These statements should be itemized as to be reasonably informative and should cover both ordinary and extraordinary receipts and expenditures; there should be indicated separately, if practicable, the amount of receipts pledged or otherwise specifically allocated to any issue registered, indicating the issue.

Reference is made to the registrant's Financial Statements and the notes thereto contained in the Consolidated Financial Statements of the registrant for the fiscal year ended June 30, 2018 filed herewith as Exhibit (c)(i).

7. (a) If any foreign exchange control, not previously reported, has been established by the registrant (or if the registrant is other than a national government, by its national government), briefly describe the effect of any such action, not previously reported.

Not applicable.

- (b) If any foreign exchange control previously reported has been discontinued or materially modified, briefly describe the effect of any such section, not previously reported.

Not applicable.

8. Brief statements as of a date reasonably close to the date of the filing of this report (indicating such date) in respect of the note issue and gold reserves of the central bank of issue of the registrant, and of any further gold stocks held by the registrant.

Not applicable.

9. Statements of imports and exports of merchandise for each year ended since the close of the latest year for which such information was previously reported. The statements should be reasonably itemized so far as practicable as to commodities and as to countries. They should be set forth in terms of value and of weight or quantity; if statistics have been established only in terms of value, such will suffice.

Not applicable.

10. The balance of international payments of the registrant for each year ended since the close of the latest year for which information was previously reported. The statements of such balances should conform, if possible, to the nomenclature and form used in the "Statistical Handbook of the League of Nations". (These statements need be furnished only if the registrant has published balances of international payments.)

Not applicable.

THE CO-REGISTRANT

The information set forth below is to be furnished:

1. In respect of each issue of securities of the registrant registered, a brief statement as to:
- (a) The general effect of any material modifications, not previously reported, of the rights of the holders of such securities.
- No such modifications.
- (b) The title and the material provisions of any law, decree or administrative action, not previously reported, by reason of which the security is not being serviced in accordance with the terms thereof.
- No such provisions.
- (c) The circumstances of any other failure, not previously reported, to pay principal, interest, or any sinking fund or amortization installment.
- No such failures.
2. A statement as of the close of the last fiscal year of the co-registrant giving the total outstanding of:
- (a) Internal funded debt of the co-registrant. (Total to be stated in the currency of the co-registrant. If any internal funded debt is payable in a foreign currency it should not be included under paragraph (a), but under paragraph (b) of this item.)
- The co-registrant’s only direct indebtedness is that owed to the Commonwealth Government of Australia (the “Commonwealth”). As of June 30, 2018, the co-registrant had no direct internal funded debt. Public debt levels for the years 2013 to 2018 are detailed in the attached Exhibit (e).
- (b) External funded debt of the co-registrant. (Totals to be stated in the respective currencies in which payable. No statement need be furnished as to intergovernmental debt.)
- As of June 30, 2018, the co-registrant had no external funded debt other than the debt it guarantees, which is described in 2(b) of the registrant’s statement.
3. A statement giving the title, date of issue, date of maturity, interest rate and amount outstanding, together with the currency or currencies in which payable, of each issue of funded debt of the co-registrant outstanding as of the close of the last fiscal year of the co-registrant.
- Reference is made to listings of the debt outstanding to the Commonwealth and outstanding debt of other entities guaranteed by the co-registrant contained in the statement of the co-registrant’s outstanding debt to the Commonwealth as of June 30, 2018 and its contingent liability as guarantor of the outstanding debt of other entities as of the end of the last five fiscal years attached as Exhibit (e).

4. (a) As to each issue of securities of the co-registrant which is registered, there should be furnished a breakdown of the total amount outstanding, as shown in Item 3, into the following:
 - (1) Total amount held by or for the account of the co-registrant.
Not applicable.
 - (2) Total estimated amount held by nationals of the co-registrant (or if co-registrant is other than a national government, by the nationals of its national government); this estimate need be furnished only if it is practicable to do so.
Not applicable.
 - (3) Total amount otherwise outstanding.
Refer to 4(a)(3) of registrant's statement for registered securities guaranteed by co-registrant.
- (b) If a substantial amount is set forth in answer to paragraph (a)(1) above, describe briefly the method employed by the co-registrant to reacquire such securities.
Not applicable.
5. A statement as of the close of the last fiscal year of the co-registrant giving the estimated total of:
 - (a) Internal floating indebtedness of the co-registrant. (Total to be stated in the currency of the co-registrant.)
As at June 30, 2018, the co-registrant had no internal floating indebtedness, other than the debt it guarantees, which is described in 5(a) of the registrant's statement.
 - (b) External floating indebtedness of the co-registrant. (Total to be stated in the respective currencies in which payable.)
As at June 30, 2018, the co-registrant had no external floating indebtedness, other than the debt it guarantees, which is described in 5(b) of the registrant's statement.
6. Statements of the receipts, classified by source, and of the expenditures, classified by purpose, of the co-registrant for each fiscal year of the co-registrant ended since the close of the latest fiscal year for which such information was previously reported. These statements should be itemized as to be reasonably informative and should cover both ordinary and extraordinary receipts and expenditures; there should be indicated separately, if practicable, the amount of receipts pledged or otherwise specifically allocated to any issue registered, indicating the issue.
Reference is made to the co-registrant's Consolidated Financial Statements for the fiscal year ended June 30, 2018, and the notes thereto filed herewith as Exhibit (c)(ii).
7. (a) If any foreign exchange control, not previously reported, has been established by the co-registrant (or if the co-registrant is other than a national government, by its national government), briefly describe the effect of any such action, not previously reported.
Not applicable.

(b) If any foreign exchange control previously reported has been discontinued or materially modified, briefly describe the effect of any such section, not previously reported.

Not applicable.

8. Brief statements as of a date reasonably close to the date of the filing of this report (indicating such date) in respect of the note issue and gold reserves of the central bank of issue of the co-registrant, and of any further gold stocks held by the co-registrant.

Not applicable.

9. Statements of imports and exports of merchandise for each year ended since the close of the latest year for which such information was previously reported. The statements should be reasonably itemized so far as practicable as to commodities and as to countries. They should be set forth in terms of value and of weight or quantity; if statistics have been established only in terms of value, such will suffice.

Reference is made to the co-registrant's statements of exports of merchandise, major overseas markets and imports attached as part of Exhibit (f).

10. The balance of international payments of the co-registrant for each year ended since the close of the latest year for which information was previously reported. The statements of such balances should conform, if possible, to the nomenclature and form used in the Statistical Handbook of the League of Nations. (These statements need be furnished only if the co-registrant has published balances of international payments.)

Not applicable.

EXHIBITS

The following exhibits are filed as part of this annual report:

- (a) Copies of any amendments or modifications, other than such as have been previously filed, to all exhibits previously filed other than annual budgets. If such amendments or modifications are not in the English language, there should be furnished in addition a translation into English if the original exhibit was translated into English.
- (b) A copy of any law, decree, or administrative document outlined in answer to Item 1(b). If such law, decree, or document is not in the English language, there should be furnished in addition thereto a translation thereof into English.
- (c) A copy of the latest annual budget of the co-registrant, if not previously filed, as presented to its legislative body. This document need not be translated into English.

The registrant may file such other exhibits as it may desire, marking them so as to indicate clearly the items to which they refer.

This annual report comprises:

- (1) The cover page and pages numbered 2 to 12 consecutively.
- (2) The following exhibits:

- Exhibit (a) - None.
- Exhibit (b) - None.
- Exhibit (c)(i) - Consolidated Financial Statements of the Registrant for the fiscal year ended June 30, 2018.
- Exhibit (c)(ii) - Consolidated Financial Statements of the Co-Registrant for the fiscal year ended June 30, 2018.
- Exhibit (c)(iii) - Budget Papers of the Co-Registrant for 2018-19.
- Exhibit (c)(iv) - Report entitled "Queensland Budget 2018-19 Mid Year Fiscal and Economic Review".

Additional exhibits:

- Exhibit (d) - Securities of the Registrant Outstanding as of June 30, 2018.
- Exhibit (e) - Co-registrant's outstanding debt to the Commonwealth as of June 30, 2018, and its contingent liability as guarantor of the outstanding debt of other entities as of the end of the last five fiscal years.
- Exhibit (f) - Description of Queensland and Queensland Treasury Corporation.

Exhibit (g) - The following consents:

- (1) Consent of Philip Noble, Chief Executive, Queensland Treasury Corporation.
- (2) Consent of Gerard Bradley, Chairman, Queensland Treasury Corporation.
- (3) Consent of Brendan Worrall, Auditor-General, State of Queensland.

This annual report is filed subject to the Instructions for Form 18-K for Foreign Governments and Political Subdivisions Thereof.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, at Brisbane, Australia, on the 18th day of January, 2019.

QUEENSLAND TREASURY CORPORATION

By: /s/ Philip Noble
Name: Mr. Philip Noble
Title: Chief Executive

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, at Brisbane, Australia, on the 18th day of January, 2019.

GOVERNMENT OF QUEENSLAND

By: /s/ Alison Rayner

Name: Alison Rayner
Title: Acting Under Treasurer
on behalf of
Name: The Honourable Jackie Trad MP
Title: Deputy Premier, Treasurer and Minister for
Aboriginal and Torres Strait Islander
Partnerships

INDEX TO EXHIBITS

- Exhibit (a) - None.
- Exhibit (b) - None.
- [Exhibit \(c\)\(i\)](#) - Consolidated Financial Statements of the Registrant for the fiscal year ended June 30, 2018.
- [Exhibit \(c\)\(ii\)](#) - Consolidated Financial Statements of the Co-Registrant for the fiscal year ended June 30, 2018.
- [Exhibit \(c\)\(iii\)](#) - Budget Papers of the Co-Registrant for 2018-19.
- [Exhibit \(c\)\(iv\)](#) - Report entitled “Queensland Budget 2018-19 Mid Year Fiscal and Economic Review”.

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- [Exhibit \(d\)](#) - Securities of the Registrant Outstanding as of June 30, 2018.
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 - (1) Consent of Philip Noble, Chief Executive, Queensland Treasury Corporation.
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This annual report is filed subject to the Instructions for Form 18-K for Foreign Governments and Political Subdivisions Thereof.

EXHIBIT (c)(i)

Consolidated Financial Statements of the Registrant for the fiscal year ended June 30, 2018.

FORWARD-LOOKING STATEMENTS

This exhibit contains forward-looking statements. Statements that are not historical facts, including statements about the State of Queensland’s (the “State” or “Queensland”) beliefs and expectations, are forward-looking statements. These statements are based on current plans, budgets, estimates and projections and therefore you should not place undue reliance on them. The words “believe”, “may”, “will”, “should”, “estimate”, “continue”, “anticipate”, “intend”, “expect”, “forecast” and similar words are intended to identify forward-looking statements. Forward-looking statements speak only as of the date they are made, and neither the Queensland Treasury Corporation nor the State undertake any obligation to update publicly any of them in light of new information or future events.

Forward-looking statements are based on current plans, estimates and projections and, therefore, undue reliance should not be placed on them. Although the Queensland Treasury Corporation and the State believe that the beliefs and expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such beliefs and expectations will prove to have been correct. Forward-looking statements involve inherent risks and uncertainties. We caution you that actual results may differ materially from those contained in any forward-looking statements.

A number of important factors could cause actual results to differ materially from those expressed in any forward-looking statement. Factors that could cause the actual outcomes to differ materially from those expressed or implied in forward-looking statements include:

- the international and Australian economies, and in particular the rates of growth (or contraction) of the State’s major trading partners;
- the effects, both internationally and in Australia, of any subsequent economic downturn, the effect of ongoing economic, banking and sovereign debt risk, and any stalling of the protracted United States recovery;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State’s domestic consumption;
- changes in the State’s labor force participation and productivity;
- downgrades in the credit ratings of the State and Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

ANNUAL REPORT

2017-18



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29 August 2018

The Honourable Jackie Trad MP
Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships
GPO Box 611
Brisbane QLD 4001

Dear Treasurer

I am pleased to present the Annual Report 2017–18 and financial statements for Queensland Treasury Corporation.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be found at page 58 of this Annual Report or accessed at www.qtc.com.au.

Sincerely



Gerard Bradley
Chairman

LEVEL 31, 111 EAGLE STREET, BRISBANE QUEENSLAND AUSTRALIA 4000
GPO BOX 1096, BRISBANE QUEENSLAND AUSTRALIA 4001
T: 07 3842 4600 • F: 07 3221 4122 • QTC.COM.AU

Queensland Treasury Corporation

Queensland Treasury Corporation (QTC) has a statutory responsibility to advance the financial position of the State, and a mandate to manage and minimise financial risk in the public sector and provide value-adding financial solutions to its public sector clients. Established under the *Queensland Treasury Corporation Act 1988*, QTC is a corporation sole, reporting through the Under Treasurer to the Treasurer and the Queensland Parliament.

Vision

Securing Queensland’s financial success

Mission

To deliver optimal financial outcomes through sound funding and financial risk management

Values



Client focus

We build strong partnerships with our clients to deliver simple and well-designed solutions that achieve quality outcomes for Queensland.



Team spirit

We work as one team, taking joint responsibility for achieving our vision and collaborating to achieve outstanding performance.



Excellence

We aim for excellence using flexible and agile processes to continuously improve.



Respect

We show respect by recognising contributions, welcoming ideas, acting with honesty, being inclusive and embracing diversity.



Integrity

We inspire trust and confidence in our colleagues, clients, stakeholders and investors by upholding strong professional and ethical standards.

2018-22 Strategic Goals

- 1 State and client value
- 2 Sustainable funding
- 3 Organisational excellence

Role and responsibilities

As the Queensland Government’s central financing authority, Queensland Treasury Corporation plays a pivotal role in securing the State’s financial success.

With a focus on whole-of-State outcomes, QTC provides a range of financial services to the State and its public sector entities, including local governments. These services include debt funding and management, cash management facilities, financial risk management advisory services, and specialist public finance education.

Debt funding and management

QTC borrows funds in the domestic and global markets in the most cost-effective manner and in a way that minimises liquidity risk and refinancing risk. QTC achieves significant economies of scale and scope by issuing, managing and administering the State’s debt funding.

QTC works closely with Queensland’s public sector entities, including local governments, to assist them to effectively manage their financial transactions, minimise their financial risk and achieve the best financial solutions for their organisation and the State.

Cash management facilities

QTC assists the State’s public sector entities to make the best use of their surplus cash balances within a conservative risk management framework. It offers overnight and fixed-term facilities and a managed cash fund.

Financial risk management advisory services

QTC offers a range of financial risk management advisory services to clients, including:

- support to ensure financial risks are identified and effectively managed
- advice on financial and commercial considerations
- expertise in financial transactions and structures
- project management support to deliver key project outcomes, and
- collaboration with the financial markets and private sector institutions.

Specialist public finance education

QTC offers a range of education and training courses through its partnership with the University of Queensland, that complements its products and advisory services and allows it to share its specialist financial, commercial, treasury management and risk management expertise with clients. Courses are developed and delivered by experienced professionals and industry experts.

Chairman’s and Chief Executive’s report

In 2017-18, Queensland Treasury Corporation (QTC) delivered significant whole-of-State and client benefits, funded the State’s \$7 billion borrowing program and realised an operating profit of \$94 million from its capital market operations.



Funding the State

Ongoing investor demand for QTC’s AUD benchmark bonds supported the successful execution of the \$7 billion 2017-18 borrowing program.

While global economic conditions have continued to improve, political and geopolitical tensions have contributed to increased market volatility in the operating environment. Queensland has benefited from stronger commodity prices, which has enabled the Government to reduce its debt without impacting frontline services or targeted infrastructure spending. The State’s borrowing requirements for new money are forecast to remain modest over the next two financial years, before increasing to support large-scale infrastructure projects.

Against this backdrop, QTC achieved strong funding outcomes, including:

- Early completion of the \$7 billion 2017-18 borrowing program and pre-funding of an additional \$3.5 billion towards future borrowing programs, a total of \$10.5 billion
- Issuance of \$8 billion of benchmark bonds, including one new benchmark bond maturing in 2030 that helped smooth and extend QTC’s bond maturity profile
- Issuance of \$2 billion into a new floating rate note, maturing in 2022, and
- Strong returns and benchmark outperformance of QTC’s Capital Guaranteed Cash Fund, which remains one of the largest managed funds in Australia with \$8.3 billion under management.

Operating results

In 2017-18, QTC recorded an operating profit after tax from its capital markets operations of \$94 million (2016-17: \$129 million), mainly attributable to earnings on capital, plus fair value accounting gains associated with the management of QTC’s funding task and balance sheet.

Separate from QTC’s capital markets operations, QTC’s long-term assets, which comprises the investments set aside primarily to support the State’s defined benefit superannuation, recorded an after tax operating loss of \$194 million (2016-17: \$224 million profit). These long term assets were transferred to QTC by the Queensland Government under an administrative arrangement in 2008; in return, QTC issued fixed-rate notes to the State that provide a fixed rate of return. The operating loss represents the difference between the return received net of fees (\$1.9 billion) on the assets managed by QIC, and the return (\$2.1 billion) provided by QTC under the Fixed Rate Note agreement with Treasury. While QTC bears the fluctuations in the value and returns on the asset portfolio, there is no cash flow effect for QTC. Any losses incurred by this segment have no impact on QTC’s capital markets activities or its ability to meet its obligations.

Credit ratings

In the year under review, both Standard & Poor’s and Moody’s Investors Service reaffirmed Queensland’s and QTC’s credit ratings. QTC is rated AA+/A-1+/Stable and Aa1/P-1/Stable by Standard & Poor’s and Moody’s Investor Services respectively. These stable ratings are a key reason for continued demand from domestic and global investors for QTC debt.

Value delivered for the State

In 2017-18, QTC prioritised client advisory initiatives that would provide the greatest opportunity for service improvements and the creation of value for the client and the State. Some of these highlights included:

- working with Queensland Treasury to review the programs and expenditure of three major clients
- working with Queensland Health to develop ‘future state’ design for their supply chain, and optimise procurement services
- developing financial forecasting models to improve business outcomes for three Government departments
- advising the Department of Environment and Science on the development of the State’s new waste levy
- centralising the State’s cash holdings, in line with the Government’s Debt Action Plan
- providing cash management products that provided both performance and flexibility to help clients maximise the value of their surplus funds, and
- working with local governments to implement asset management improvement projects, complete strategic financial reviews, and develop a high-level diagnostic tool to assess councils’ financial and infrastructure health.

QTC also helped enhance financial capability across the public sector through its education partnership with the University of Queensland. Over the year, more than 1,200 participants completed financial education courses; these courses achieved an average evaluation rating of nine out of 10.

Organisational excellence

With its ongoing focus on organisational excellence, QTC continues to provide its employees with both the opportunity and the environment to prioritise their activities to maximise the delivery of real value to the State. During the year, a number of system and process improvements have been implemented, improving accuracy, efficiency and security.

Risk management has remained an active priority, with ongoing commitment to QTC’s enterprise-wide risk management framework.

Employee engagement is tracking well, with 2018 survey results showing overall employee engagement at 74% (financial services benchmark is 62%), which is aligned to the top 10% of responses when compared to survey participants from more than 50 financial services organisations globally.

Changes to Board membership

Queensland Treasury department representative on the QTC Capital Markets Board, Warwick Agnew, resigned from the Board on 25 May 2018 following his appointment as Director-General of the Department of Local Government, Racing and Multicultural Affairs. Stephen Roberts resigned from the Board on 1 June 2018. Both Mr Agnew and Mr Roberts made a significant contribution to QTC’s success during their respective tenures and, on behalf of the Board, we thank them for their dedication and contribution.

Positioned for ongoing success

QTC’s achievements in the 2017-18 financial year have demonstrated significant performance outcomes against each of its three strategic goals — to deliver value to the State and its clients; to ensure access to sustainable funding; and to achieve organisational excellence — and provided measurable increases in organisational capability and efficiency.

With QTC’s expert leadership team and talented employees, we are confident QTC will be able to contribute a significant, meaningful and tangible benefit to help secure the State’s financial success in 2018-19 financial year and beyond.



G P BRADLEY
Chairman
29 August 2018



P C NOBLE
Chief Executive
29 August 2018

Creating value for the State and clients

In 2017-18, QTC contributed significant, positive financial results for the State and its public sector entities through the delivery of debt funding and management, cash management, and financial advisory services. Underpinning this success has been a continued focus on delivering whole-of-State outcomes by providing advice and identifying initiatives that enable clients to make better business decisions.

Financial advice for the State’s public sector

In the year under review, QTC completed a broad range of financial advisory assignments to assist its clients and the State to address financial risk management issues and make informed business decisions. QTC’s client engagements are focused on areas of government that provide the greatest opportunity for service improvements and the creation of value for the client and the State. Assignments included:

- program and spend reviews for clients including Queensland Police Service, Department of Housing and Public Works and Queensland Corrective Services
- ‘future state’ design for the Queensland Health supply chain
- optimisation of Queensland Health’s procurement services
- pricing framework and pricing strategy development for a range of clients
- revenue and pricing modelling to support water and wastewater valuation model updates, and
- developing financial forecasting models to improve business outcomes for the departments of Justice and Attorney General, and Health and Education.

QTC’s advisory assignments range in scope, complexity and monetary value and contribute to creating the best outcomes for Queensland.

Enhancing cash management opportunities

Building on the work completed in the 2016-17 financial year in partnership with Queensland Treasury, QTC facilitated a centralisation of cash holdings. This is aligned to the Government’s Debt Action Plan, providing a net accounting interest benefit of \$29 million.

Financial advice supporting major policy initiatives

QTC provided financial advice supporting major policy initiatives in economic agencies, including:

- **Agriculture:** Independent Productivity Enhancement Scheme review for Queensland Rural and Industry Development Authority (QRIDA) resulted in 11 recommendations to deliver a more targeted approach to value capture, support the desired policy outcomes, and estimate and increase public benefits

- **Natural Resources:** Completion of three competitive tender assessments for Department of Natural Resources, Mines and Energy confirming the financial capability of tenderers
- **Racing Queensland:** Designed a country and regional racing package as part of an overall racing infrastructure plan, providing a major component of the overall commercial plan for the growth of racing in Queensland and to ensure sustainable communities, and
- **Land restoration:** Assisted the Department of Environment and Queensland Treasury in establishing the Land Restoration Fund, including structural and funding advice, green bond funding and creation and monetisation of carbon credits.

Fostering strong relationships with local governments

Throughout the year, QTC has worked closely with local government clients and assisted them to identify and mitigate business risks including:

- asset management improvement projects, including development of a detailed asset management roadmap to improve local government asset management practices
- completing strategic financial reviews for a number of local councils, and
- development of a High Level Diagnostic tool to assess councils’ financial and infrastructure health in a condensed timeframe.

QTC has also supported local and regional Queensland in partnership with local governments through a range of activities including:

- sponsorship and provision of content and speakers for the 6th Local Government Financial Sustainability Summit, and
- undertaking numerous regional site visits, in order to better understand regional economic opportunities and gain insights into the unique challenges of each region.



100% of eligible clients now transacting online via QTC Link



\$8.3 billion funds under management in QTC’s Cash Fund



QTC **2024 Green Bond** awarded Finance Asia Green Bond of the Year in 2017 Deal Achievement awards



Finance Education courses provided to more than **1,200** participants

Facilitating sustainable funding

QTC continued to build on the success of its inaugural Green Bond issue by becoming a programmatic issuer. QTC also increased the size of its Climate Bonds Initiative (CBI) eligible asset pool to \$4.6 billion through the verification of additional low carbon electrified transport assets.

High quality debt and cash management products

QTC continued to provide low-cost loans and high-performing investment facilities throughout 2017-18.

Debt management

QTC has continued to successfully deliver its core mandate of providing clients with a lower cost of funds by capturing the significant economies of scale and scope in the issuance, management and administration of the State’s debt.

Cash management

QTC offers cash management products that enable its clients to maximise the value of their surplus funds. In 2017-18, QTC’s Capital Guaranteed Cash Fund provided strong returns and outperformed its benchmark, the Bloomberg AusBond Bank Bill Index, by 73 basis points. The Cash Fund continues to offer flexibility by providing clients with same-day liquidity as required. At the end of the 2017-18 financial year it remained one of the largest managed funds in Australia with \$8.3 billion under management.

Client access website portal

In 2017-18, QTC upgraded QTC Link – QTC’s industry-standard online transaction platform, and transitioned 100 per cent of eligible clients to transacting online.

Loans to clients

	TOTAL DEBT OUTSTANDING (MARKET VALUE) 30 JUNE 18 A\$000	TOTAL DEBT OUTSTANDING (MARKET VALUE) 30 JUNE 17 A\$000
General Government*	31 200 556	33 655 316
Energy	24 603 252	24 999 435
Water	13 891 586	13 994 598
Local governments	6 136 975	6 449 434
Transport	4 944 732	4 891 024
Education	731 388	710 367
Other	443 294	402 234
Total	81 951 783	85 102 408

** General Government includes Departments (Education and Training, Housing and Public Works, State Development, Transport and Main Roads, Health and Treasury.)*

Achieving sustainable access to funding

In 2017-18, QTC raised \$7 billion of term debt to meet its clients’ annual funding requirements and refinance debt maturities. QTC also undertook an additional \$3.5 billion pre-funding, reducing future borrowing programs. During the year, QTC issued a new 2030 benchmark bond and 2022 floating rate note to further smooth and extend its maturity profile and diversify its investor base.



On 11 October 2017, QTC issued **\$1.75 billion** into a new 2030 benchmark bond line



QTC’s mobile-friendly website has information about QTC and Queensland for institutional investors



Raised \$10.5 billion to meet the State’s borrowing requirement, including **\$3.5 billion** in prefunding



Strong liquid benchmark bond program **\$124 billion** QTC bonds traded in the secondary market

Meeting the State’s funding requirements

QTC continued to demonstrate its reputation as a premium issuer with its investors, through the high-quality execution of term debt issuance. Using the strength of its AA+ credit rating, QTC provided the market with diverse, liquid lines that resulted in \$10.5 billion being successfully raised for the Queensland Government’s current and future borrowing and refinancing requirements.

The original estimated term debt requirement for 2017-18 was \$6.8 billion. This was revised up to \$7 billion following the Government’s Mid-Year Fiscal and Economic Review, released in December 2017.

QTC undertook a range of activities to complete its annual borrowing program and support its bonds in the market, including:

- completing the term debt requirement of \$7 billion
- prefunding \$3.5 billion towards future funding requirements
- issuing \$8 billion of benchmark bonds, including one new benchmark bond maturing in 2030
- issuing one new floating rate note maturing in 2022, and
- issuing \$475 million into the 2047 bond, increasing this line to \$505 million.

QTC maintained its focus on providing its Fixed Income Distribution Group and investor base with flexibility and transparency.

On 13 June 2018, QTC announced its indicative \$8 billion term debt borrowing requirement for the 2018 -19 fiscal year.



Funding performance

QTC’s proactive management of the borrowing program and the management of its client funding and balance sheet activities helped to smooth and extend its maturity profile and support QTC’s bond spreads. Management of QTC’s liquid assets, funding execution and balance sheet asset and liability management provided significant savings during 2017-18, while QTC’s total debt outstanding as at 30 June 2018 was approximately \$89 billion.

QTC’s issuance strategy continues to support its commitment to a diverse range of funding sources to complement its core A\$ benchmark bonds. This diversity has seen it utilise a variety of instruments in the past year, including bond maturities out to 30 years and a new floating rate note. Investor demand remained solid for QTC’s primary issuance, with all public issuances oversubscribed.

In 2017-18, QTC proactively managed its bond maturity profile to reduce refinancing risk by achieving more even maturities across the curve. This included reducing late 2018 and 2019 maturities by \$1.6 billion to reduce refinancing risk, improve credit metrics and smooth and extend the maturity profile.

The issuance of \$1.75 billion in a new 2030 benchmark bond and increasing the 2047 non-benchmark bond by \$475 million also contributed to smoothing and extending QTC’s maturity profile.

In May 2018, QTC released its first Green Bond Report which detailed the allocation of proceeds from its inaugural issuance. It also announced that QTC has become a programmatic issuer of Climate Bonds Initiative (CBI) certified green bonds, an increase to its eligible project pool to more than AUD4 billion and enhancements to its green bond approach. These developments increase the scope and ability for future green bond issuance to support the State Government’s focus on transitioning to a low-carbon economy.

QTC continued to focus on activities to expand its investor base, delivering an effective domestic and global investor relationship program during the year. Open and transparent communication with the market remains a focus. QTC continued to regularly engage with both its Fixed Income Distribution Group and investors through its funding and markets team.

Funding facilities

As at 30 June 2018

QTC has a diverse range of funding facilities in a variety of markets and currencies. The majority of QTC’s funding is sourced through long-term debt facilities, with QTC’s AUD benchmark bonds being the principal source of funding.

OVERVIEW AS AT 30 JUNE 2018		PROGRAM LIMIT (\$M)	MATURITIES	CURRENCIES
Short-term	Domestic T-Note	Unlimited	7–365 days	AUD
	Euro CP	USD10,000	1–364 days	Multi-currency
	US CP	USD10,000	1–270 days	USD
Long-term	AUD Bond	Unlimited	12 benchmark lines: 2019-2028, 2030 and 2033	AUD
			2 AGG* lines: 2019-2021	AUD
			1 QTC Green Bond: 2024	AUD
			2 floating rate note: 2018 and 2022	
			1 capital indexed bond: 2030	AUD
			1 AUD non-benchmark line: 2047	
	Euro MTN	USD10,000	Any maturity subject to market regulations	Multi-currency
	US MTN	USD10,000	9 months - 30 years	Multi-currency

*AGG – Australian Government Guaranteed

Achieving organisational excellence

QTC is committed to maintaining high organisational standards to provide an environment where corporate goals can be achieved and organisational risks are actively monitored and addressed.

Operational excellence

QTC’s continued focus on organisational excellence has ensured the ongoing realisation of benefits and optimised the foundation from which its core funding and advisory business is delivered. These benefits are providing employees with both the opportunity and the environment to prioritise their activities to maximise the delivery of real value to the State.

Measurable improvements have been made in the operational accuracy and efficiency of the production of client statements, implementation of enhanced system functionality, and reduction in reconciliation completion times and the need for employees to work outside business hours.

Access to secure information has been streamlined, providing a more efficient working environment, as well as improved client communication and project analytics.

Corporate risk management and efficiency

QTC manages its risks within an enterprise-wide risk management framework. The framework supports the achievement of QTC’s corporate objectives by providing assurance that QTC’s risks are identified, assessed and adequately and appropriately managed.

QTC produces a risk appetite statement that sets the tone from the top for risk management and establishes clear boundaries in which QTC’s material risks should be managed.

The framework identifies key internal controls, and through periodic attestation by control owners, assurance is given to management and the Board that these controls are operating effectively.

The outcome of the 2017-18 internal audit program was positive with 12 internal audits conducted and completed successfully.

Throughout 2017–18, QTC managed its portfolio market risk exposures, including interest rate, foreign exchange and counterparty risk, within its Board-approved risk management framework. QTC continues to hold a portfolio of diverse, liquid financial securities to meet the State’s liquidity requirements, consistent with its internal and external policies.

High performance workforce

QTC competes with the global financial industry to attract and retain its high calibre employees. Pursuant to the *Queensland Treasury Corporation Act 1988*, QTC employees are hired on individual contracts, with employment practices aligned to the financial markets in which it operates.

QTC’s Board regularly reviews QTC’s remuneration framework, which comprises fixed and variable remuneration. The reviews are benchmarked against remuneration data from the Financial Institutions Remuneration Group (FIRG) which provides salary survey data for the Australian finance industry. QTC’s variable remuneration framework provides an opportunity for an annual short-term incentive for eligible employees, designed to ensure market competitiveness and reward outstanding organisational, group and individual performance. The QTC Board approves the entitlement to, and the quantum of, the annual review of fixed remuneration and variable short-term incentives.

With an articulated commitment to our employees to enable ‘the best work of their careers’, key focus areas this year have been on delivering against our leadership and professional development strategies in order to strengthen organisational capability. Key initiatives have included:

- strategic workforce planning to align to our organisational vision
- targeted leadership programs across all leadership levels
- professional development and stretch project opportunities
- talent management and succession planning programs, and
- culture and diversity programs.

Enterprise and team-based development programs have been delivered with a focus on culture and team development.

An employee engagement survey conducted in early 2018 resulted in an employee engagement result of 74 per cent, which places QTC at around the 90th percentile of the benchmark data. The engagement survey metric on leadership capability demonstrated that QTC’s leaders are at the 99th percentile of the benchmark data, reflecting the success of our programs in enabling leadership growth.

Diversity and wellbeing

QTC’s Inclusion and Diversity Strategy recognises that diversity of perspective and experience improves performance, manages risk, and improves decision-making. Under the strategy’s three priority streams of culture, disability and gender, a number of initiatives were implemented, including:

- an International Women’s Day event with a focus on employment opportunities for women in regional Queensland
- continuation of two partnerships with external organisations to provide employment opportunities for people with a disability, and
- activities to celebrate our cultural diversity and the 26 nationalities represented in QTC’s workforce.

QTC’s policies support flexible working, where flexibility will contribute to QTC achieving its corporate objectives. Flexible working arrangements in place during the reporting period included part-time work, job share, purchased annual leave, phased retirement and flexible hours of work.

QTC has a corporate health and wellbeing program (Fit 4 Work), that provides activities to promote physical and mental wellbeing. Activities for the 2017-18 financial year have included flu vaccinations, health assessments, skin checks, corporate games, healthy eating seminars, and mental health and resilience sessions.

QTC regularly reviews and updates its policies and procedures to comply with legislative changes and reflect best practice, and to ensure employees have access to avenues through which to raise concerns, including an internal grievance process.

Workforce profile 2017–18

Full-time equivalent staff (including fixed-term employees)	188
Permanent retention rate	85.2%
Permanent separation rate	14.8%
Permanent average tenure	5.9 years

Corporate governance

QTC is committed to maintaining high standards of corporate governance to support its strong market reputation and ensure that organisational goals are met and risks are monitored and appropriately addressed. QTC’s corporate governance practices are continually reviewed and updated in line with industry guidelines and standards.

QTC and its Boards

QTC was established by the *Queensland Treasury Corporation Act 1988* (the QTC Act) as a corporation sole (ie, a corporation that consists solely of a nominated office holder). The Under Treasurer of Queensland is QTC’s nominated office holder. QTC has delegated its powers to its two boards:

- the Queensland Treasury Corporation Capital Markets Board (the Board), which was established in 1991 and manages all of QTC’s operations except those relating to certain superannuation and other long-term assets, and
- the Long Term Asset Advisory Board, which was established in July 2008 and advises in relation to certain superannuation and other long-term assets that were transferred to QTC from Queensland Treasury on 1 July 2008.

QTC Capital Markets Board

QTC and the Capital Markets Board have agreed the terms and administrative arrangements for the exercise of the powers that have been delegated to the Board by the Under Treasurer as QTC’s corporate sole.

The Board operates in accordance with its charter, which sets out its commitment to various corporate governance principles and standards, the roles and responsibilities of the Board and its members (based on its delegated powers), and the conduct of meetings. The charter provides that the role and functions of the Board are:

- overseeing QTC, including its control and accountability systems
- approving the strategic direction of QTC and significant corporate strategic initiatives
- approving key policies and corporate performance objectives
- setting the risk appetite within which management is expected to operate
- approving the annual budget as proposed by management
- approving financial and other reporting to the market and stakeholders
- approving the remuneration framework
- monitoring of financial, operational and corporate performance against agreed outcomes

- monitoring and measuring the performance of QTC’s management and implementation of strategy and policies, including assessing whether appropriate resources are available
- reviewing and monitoring systems of risk management and internal compliance and controls
- monitoring compliance with all relevant legal, tax and regulatory obligations
- appointing the Chief Executive, and
- overseeing executive management development and succession planning.

The Board typically holds monthly meetings (except in January, April and November) and may, whenever necessary, hold additional meetings.

Board appointments

The Board comprises members who are appointed by the Governor-in-Council, pursuant to section 10(2) of the QTC Act, with consideration given to each Board member’s qualifications, experience, skills, strategic ability and commitment to contribute to QTC’s performance and achievement of its corporate objectives. QTC’s Board is entirely constituted of non-executive directors.

Conflict of interest

Board members are required to monitor and disclose any actual or potential conflicts of interest. Unless the Board determines otherwise, a conflicted Board member may not receive any Board papers, attend any meetings or take part in any decisions relating to declared interests.

Performance and remuneration

To ensure continuous improvement and to enhance overall effectiveness, the Board conducts an annual assessment of its performance as a whole. Board members’ remuneration is determined by the Governor-in-Council (details are disclosed in QTC’s financial statements).

Board committees

The Board has established three committees, each with its own charter, to assist it in overseeing and governing various QTC activities.

Accounts and Audit Committee

- The Accounts and Audit Committee has responsibility for:
- the effectiveness of internal controls surrounding key financial and operational processes
 - overseeing risk and risk management (limited to those matters not undertaken by the Funding and Markets Committee, the Human Resources Committee or the Board)
 - oversight of the integrity of the financial statements, and
 - the adequacy and effectiveness of audit activities.

The Accounts and Audit Committee must have at least three members and meet at least four times a year.

During the year, the Accounts and Audit Committee recommended the adoption of annual financial statements, reviewed external and internal audit reports and the progress in implementing the recommendations from those reports, and reviewed the Queensland Audit Office’s Client Service Plan and QTC’s Internal Audit Plan.

QTC’s Accounts and Audit Committee has observed the terms of its charter and had due regard to the Audit Committee Guidelines.

Human Resources Committee

- The Human Resources Committee has responsibility for a range of human resource matters, including:
- the appropriateness of any new or amended human resources related key policies
 - the employment terms and conditions as they relate to matters of policy or an issue of significance (individual employee contract of employment)
 - compliance with relevant legislation relating to human resources
 - the framework for the remuneration and performance reviews
 - the outcomes of review of performance and remuneration for QTC employees and QTC teams
 - significant issues relating to the people environment at QTC, including the integrity and consistency of QTC’s corporate culture relative to ethical conduct and probity
 - QTC’s succession plan for the executive management team and executive development and any risks associated with the adequacy of the talent pipeline
 - strategic workforce planning and operational resource planning, and
 - strategies to positively influence QTC’s high performance culture and risk management processes.

In addition, the Committee oversees the adequacy and effectiveness of risk management (including residual risks) relating to people and culture.

The Human Resources Committee must have at least three members and meet at least three times a year. The Human Resources Committee has observed its charter.

Funding and Markets Committee

The core responsibilities of the Funding and Markets Committee are to assist the Board in fulfilling its corporate governance responsibilities in regard to the performance and risk management of QTC’s funding and markets activities. This includes making recommendations about:

- policy framework to enhance the risk and performance outcomes achieved in the management of QTC’s funding and markets risks, and
 - the effectiveness of management of QTC’s funding and market activities within the policy framework and alignment with QTC’s risk appetite.
- QTC’s funding and market activities reviewed and assessed by the Committee include:
- QTC’s ability to access suitable funding markets to meet the State’s borrowing requirements and maintain appropriate levels of liquidity
 - the adequacy and appropriateness of QTC’s Financial Markets Risk Policy
 - whether the risk appetite in the funding and markets area is appropriate and whether QTC’s policies are consistent with the Board’s approved risk appetite while still achieving appropriate performance
 - liquidity pool performance
 - Cash Fund and Asset and Liability Management portfolio performance, and
 - operational risk of QTC’s funding and market activities. The Committee must have at least three members and meet at least four times a year. The Funding and Markets Committee has observed its charter.

Meetings held

	BOARD	ACCOUNTS & AUDIT COMMITTEE	FUNDING & MARKETS COMMITTEE	HUMAN RESOURCES COMMITTEE
Ordinary meetings held	9	5	4	4
Gerard Bradley	9	1	4	4
Warwick Agnew*	8	5	—	—
Tonianne Dwyer	9	—	—	4
Anne Parkin	9	4	—	4
Stephen Roberts^	6	—	3	—
Jim Stening	9	—	3	—
Karen Smith-Pomeroy	8	5	—	—

^ Mr Roberts resigned from the Board on 1 June 2018.
* Mr Agnew resigned from the Board on 25 May 2018.

QTC’s Capital Markets Board as at 30 June 2018

Board members are appointed by the Governor-in-Council, pursuant to section 10(2) of the *QTC Act* on the recommendation of the Treasurer and in consultation with the Under Treasurer. Members are chosen on their ability and commitment to contribute to QTC’s performance and achievement of its stated objectives.



GERARD BRADLEY
BCOM, DIPADVACC, FCA,
FCPA, FAICD, FIML

Chair

Appointed 10 May 2012
with tenure to 30 June 2019

Board Committees

- Member, Human Resources Committee
- Member, Funding and Markets Committee

Gerard Bradley was the Under Treasurer and Under Secretary of the Queensland Treasury Department from 1998 to 2012, prior to his appointment as the Chair of QTC’s Board. He was also a QTC Board member from 2000-2007.

Mr Bradley has extensive experience in public sector finance gained in both the Queensland and South Australian treasury departments. He was Under Treasurer of the South Australian Department of Treasury and Finance from 1996 to 1998, and of Queensland’s Treasury Department from 1995 to 1996. Mr Bradley held various positions in Queensland Treasury from 1976 to 1995, with responsibility for the preparation and management of the State Budget and the fiscal and economic development of Queensland.

He is currently a Non-Executive Director and Chairman of Queensland Treasury Holdings Pty Ltd and related companies, and a Non-Executive Director of Star Entertainment Group Ltd, Pinnacle Investment Management Group Limited and the Winston Churchill Memorial Trust.



WARWICK AGNEW
BECON, MSOCSC (ECON),
MAPPFIN

GRADUATE OF AUSTRALIAN
INSTITUTE OF COMPANY
DIRECTORS

Appointed 13 November 2014
Resigned 25 May 2018

Board Committee

- Member, Accounts and Audit Committee

Warwick Agnew was Queensland Treasury’s Deputy Under Treasurer, Agency Performance and Investment, previously holding the positions of Deputy Under Treasurer, Commercial Advisory and prior the department’s Chief Operating Officer. Throughout his career, Mr Agnew has held senior leadership positions across both public and private sector organisations including roles with Queensland Treasury and Trade, Queensland Treasury Corporation and ASX-listed entities, Macquarie Capital and Transfield Services.

Mr Agnew resigned from the Board on 25 May 2018.



TONIANNE DWYER
BJURIS (HONS), LLB
(HONS), GAICD

Appointed 14 February 2013
with tenure to 30 June 2020

Board Committee

- Chair, Human Resources Committee

Tonia Dwyer is a lawyer by profession, with a career of more than 25 years in international investment banking and finance in both executive management and board positions.

Ms Dwyer’s executive experience covered a broad range of sectors, including real estate investment and development, financial services, health and aged care, education, research and development, and media. She held senior roles with Hambros Bank Limited, Societe Generale and Quintain Estates & Development PLC including a role with the finance division of the UK Department of Health. Over her executive career she had experience in the UK, Europe and Wall Street.

Ms Dwyer currently holds directorships with Metcash Limited, DEXUS Property Group, DEXUS Wholesale Property Fund, ALS Limited and Oz Minerals Limited. She is also a Senator and Deputy Chancellor of the University of Queensland and a Director of Chief Executive Women Limited.



ANNE PARKIN
B SCIENCE (HONS), DIP. ED,
GRAD DIP SEC, MBA, MAICD,
F FIN

Appointed 1 July 2016
with tenure to 30 June 2019

Board Committees

- Member, Accounts and Audit Committee
- Member, Human Resources Committee

Anne Parkin has more than 25 years’ of international management and board level experience across Asia-Pacific banking and financial services.

Ms Parkin has held diverse leadership roles in domestic and global broking and banking, superannuation administration, retail management and education, in both the public and private sectors. At an executive level, Ms Parkin has experience operating in highly regulated businesses including banking with Credit Suisse, UBS, and in Australian superannuation.

Ms Parkin is Chairman of Eco Fuels Innovations and previously, was a Non-Executive Director of both Credit Suisse Securities in Malaysia and the Philippines. As an Executive Director, she was a member of the Hong Kong Control Committee responsible for oversight of operational risk for Credit Suisse Hong Kong and its affiliates, while as Operations Executive, she was accountable for operational matters with local regulators including the Hong Kong Monetary Authority and Hong Kong Securities & Futures Commission.

In recognition of her expertise in the Asia-Pacific, Ms Parkin was invited to participate in the Asia Securities Industry & Financial Markets Association (ASIFMA).



STEPHEN ROBERTS
BECON

Appointed 8 June 2017
Resigned 1 June 2018

Board Committee

- Member, Funding and Markets Committee

Stephen Roberts has extensive investment banking, leadership and governance expertise, developed across his career in the global financial markets. He is the former Chief Executive and Chief Country Officer of Citigroup Australia, where he was responsible for the Citi franchise in Australia and New Zealand. Prior to that, Mr Roberts was the Managing Director, Institutional Business, Citigroup Australia, and held senior roles with Salomon Brothers/ Citigroup Hong Kong, Lehman Brothers in Hong Kong, Salomon Brothers in London, Melbourne, Sydney and New York.

Mr Roberts resigned from the Board on 1 June 2018.



KAREN SMITH-POMEROY
ADIP (ACCOUNTING), GAICD,
FIPA, FFIN

Appointed 9 July 2015
with tenure to 8 July 2019

Board Committee

- Chair, Accounts and Audit Committee

Karen Smith-Pomeroy is an experienced financial services senior executive with a specialty in risk and governance. Ms Smith-Pomeroy held senior executive roles with Suncorp Group Limited from 1997 to 2014, including Chief Risk Officer Suncorp Bank from 2009 to 2013, and Executive Director, Suncorp Group subsidiary entities from 2009 to 2014. She has also held positions on a number of Boards including CS Energy Limited and Tarong Energy Corporation Limited.

Ms Smith-Pomeroy is a Non-Executive Director of National Affordable Housing Consortium Limited, Stanwell Corporation Limited, InFocus Wealth Management Limited and Kina Securities Limited. She is a Queensland Advisory Board member of Australian Super and is also an Independent Audit Committee member of the Queensland Department of Local Government, Racing and Multicultural Affairs and South Bank Corporation.



JIM STENING
DIPFINSERV, FAICD

Appointed 13 November 2014
with tenure to 30 June 2020

Board Committee

- Chair, Funding and Markets Committee

Jim Stening has more than 30 years’ experience in financial markets in the fixed income asset class, including hands-on trading and investing in Australian and global capital markets. Mr Stening has extensive experience in debt markets, business development, executive management and corporate governance across a diverse range of economic cycles. He has held senior roles at NAB, Merrill Lynch and Banco Santander.

Mr Stening is the founder and Managing Director of FIIG Securities Limited, Australia’s largest specialist fixed-income firm and a Non-Executive Director of related companies, Chairman of Ozfish Unlimited Limited, and a Fellow of the Australian Institute of Company Directors.

Long Term Asset Advisory Board

The Long Term Asset Advisory Board (LTAAB) is responsible for managing the reserves set aside for future government liabilities (such as superannuation and insurance).

The LTAAB has power delegated from QTC to:

- manage the sufficiency of the funding of superannuation and insurance liabilities
- set investment objectives and strategies for the assets held to meet those liabilities
- determine the most appropriate investment structure, and
- monitor investment performance.

The LTAAB holds meetings at least four times per year and held four meetings in the year under review.

The LTAAB members are appointed by the Governor-in-Council, pursuant to section 10(2) of the QTC Act.

The members of LTAAB are:

Name	Position
Jim Murphy, Under Treasurer	Chairperson
Philip Noble, Chief Executive, QTC	Member
Wayne Cannon, State Actuary	Member
Alison Rayner, Deputy Under Treasurer (Economic and Fiscal)	Member
Warwick Agnew*, Deputy Under Treasurer Member (Agency Performance and Investment)	

* Mr Agnew resigned from the Board on 25 May 2018

The LTAAB has observed its charter.

Auditors

In accordance with the provisions of the *Auditor-General Act 2009*, the Queensland Audit Office is the external auditor for QTC. The Queensland Audit Office has the responsibility for providing Queensland’s Parliament with assurances as to the adequacy of QTC’s discharge of its financial and administrative obligations.

The *Financial and Performance Management Standard 2009 (Qld) (Standard)* governs the operation of QTC’s internal audit function. QTC outsourced its independent internal audit function to Ernst and Young (EY) for the 2017-18 financial year. Internal audit reports to the Accounts and Audit Committee and is conducted under an Internal Audit Policy, consistent with the relevant audit and ethical standards. The role of internal audit is to support QTC’s corporate governance framework by providing the Board (through the Accounts and Audit Committee) with:

- assurance that QTC has effective, efficient and economical internal controls in place to support the achievement of its objectives, including the management of risk, and

- advice with respect to QTC’s internal controls and business processes.

Internal audit is responsible for:

- developing an annual audit plan, based on the assessment of financial and business risks aligned with QTC’s strategic goals and objectives, as well as material risks, and approved by the Accounts and Audit Committee
- providing regular audit reports and periodic program management reports to the management team and the Accounts and Audit Committee, and
- working constructively with QTC’s management team to challenge and improve established and proposed practices and to put forward ideas for process improvement.

In the year under review, EY completed its internal audits in accordance with the approved annual audit plan.

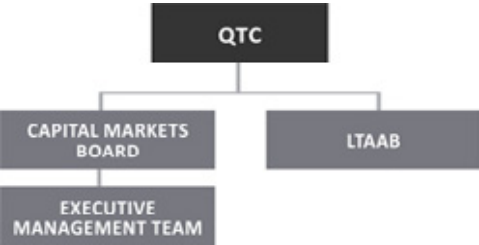
QTC has had due regard to Treasury’s *Audit Committee guidelines*, in establishing and supervising its outsourced internal audit function and, together with the Accounts and Audit Committee, in overseeing and monitoring the internal audit function.

Management team

The responsibility for the day-to-day operation and administration of QTC is delegated by the Board to the Chief Executive and the Executive Management Team. The Chief Executive is appointed by the Board. Executives are appointed by the Chief Executive. As with the Board, all Executive Management Team appointments are made on the basis of qualifications, experience, skills, strategic ability, and commitment to contribute to QTC’s performance and achievement of its corporate objectives.

QTC’s Executive Management Team as at 30 June 2018

Philip Noble	Chief Executive
Grant Bush	Deputy Chief Executive and Managing Director, Funding and Markets
Mark Girard	Managing Director, Client Advisory
Rupert Haywood	Managing Director, Risk and Financial Operations
Jane Keating	Managing Director, Corporate Services



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	NOTE	2018 \$000	2017 \$000
CAPITAL MARKETS OPERATIONS			
Net gain/(loss) on financial instruments at fair value through profit or loss			
Gain on financial assets	3	3 333 057	574 993
Loss on financial liabilities	3	(3 239 917)	(476 872)
		93 140	98 121
Other income			
Fee income		82 915	82 135
Lease income		27 494	37 218
Amortisation of cross border lease deferred income		—	29 298
		110 409	148 651
Expenses			
Administration expenses	4	(73 734)	(73 575)
Depreciation on leased assets	7	(21 282)	(29 813)
Loss on disposal of plant and machinery		(243)	—
		(95 259)	(103 388)
Profit from capital markets operations before income tax		108 290	143 384
Income tax expense	5	(13 958)	(14 200)
Profit from capital markets operations after income tax		94 332	129 184
LONG TERM ASSETS			
Net return from investments in long term assets			
Net change in fair value of unit trusts		2 000 286	2 382 036
Interest on fixed rate notes		(2 095 376)	(2 065 828)
Management fees		(98 608)	(91 617)
(Loss)/profit from long term assets		(193 698)	224 591
Total net (loss)/profit for the year after tax		(99 366)	353 775
Total comprehensive (loss)/income attributable to the owner		(99 366)	353 775
Total comprehensive (loss)/income derived from:			
Capital Markets Operations		94 332	129 184
Long Term Assets		(193 698)	224 591
Total comprehensive (loss)/income		(99 366)	353 775

The accompanying notes form an integral part of these financial statements.

Note: Throughout these financial statements the Capital Markets Operations and the Long Term Assets operations have been disclosed separately to distinguish between QTC’s main central treasury management role and its additional responsibilities following the transfer of the State’s superannuation and other long term assets (refer note 1).



	NOTE	2018 \$000	2017 \$000
ASSETS – CAPITAL MARKETS OPERATIONS			
Cash and cash equivalents	6	640 668	2 124 768
Receivables		7 484	4 018
Assets held for sale	7	59 385	92 101
Financial assets at fair value through profit or loss	8	20 528 480	19 268 151
Derivative financial assets	9	130 115	337 559
Onlendings	10	81 951 783	85 101 958
Property, plant and equipment	14	4 585	4 483
Intangible assets		17 051	19 189
Deferred tax asset		4 695	2 710
		103 344 246	106 954 937
ASSETS – LONG TERM ASSETS			
Financial assets at fair value through profit or loss	16	30 487 950	31 714 458
		30 487 950	31 714 458
Total Assets		133 832 196	138 669 395
LIABILITIES – CAPITAL MARKETS OPERATIONS			
Payables		29 551	34 948
Derivative financial liabilities	9	95 210	175 192
Financial liabilities at fair value through profit or loss			
- Interest-bearing liabilities	11(a)	96 532 449	98 462 982
- Deposits	11(b)	6 213 544	7 428 891
Provision for dividend	24	—	500 000
Other liabilities		39 559	13 322
		102 910 313	106 615 335
LIABILITIES – LONG TERM ASSETS			
Financial liabilities at amortised cost		29 766 334	30 799 145
		29 766 334	30 799 145
Total Liabilities		132 676 647	137 414 480
NET ASSETS		1 155 549	1 254 915
EQUITY - CAPITAL MARKETS OPERATIONS			
Retained surplus		433 933	339 601
		433 933	339 601
EQUITY - LONG TERM ASSETS			
Retained surplus		721 616	915 314
		721 616	915 314
Total Equity		1 155 549	1 254 915

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
For the year ended 30 June 2018

	<u>NOTE</u>	<u>CAPITAL MARKETS OPERATIONS RETAINED SURPLUS \$000</u>	<u>LONG TERM ASSETS RETAINED SURPLUS \$000</u>	<u>TOTAL EQUITY \$000</u>
Balance at 1 July 2016		710 417	690 723	1 401 140
Profit for the year		129 184	224 591	353 775
Transactions with owners in their capacity as owners:				
Repatriation dividend provided for or paid	24	(500 000)	—	(500 000)
Balance at 30 June 2017		339 601	915 314	1 254 915
Balance at 1 July 2017		339 601	915 314	1 254 915
Profit/(loss) for the year		94 332	(193 698)	(99 366)
Transactions with owners in their capacity as owners:				
Dividend provided for or paid	24	—	—	—
Balance at 30 June 2018		433 933	721 616	1 155 549

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
For the year ended 30 June 2018

	NOTE	2018 \$000	2017 \$000
CAPITAL MARKETS OPERATIONS			
Cash flows from operating activities			
Interest received from onlendings		3 499 874	4 000 692
Interest received from investments and other sources		689 971	595 279
Fees received		87 494	81 667
Net GST		(25)	317
Interest paid on interest-bearing liabilities		(4 257 305)	(4 609 029)
Interest paid on deposits		(192 704)	(183 508)
Administration expenses paid		(77 444)	(67 596)
Income tax paid		(13 538)	(9 654)
Net cash used in operating activities	15(a)	(263 677)	(191 832)
Cash flows from investing activities			
Proceeds from sale of investments		48 538 404	30 801 805
Payments for investments		(49 831 212)	(33 662 640)
Net onlendings received		2 326 299	1 868 187
Proceeds from sale/(payment) of intangibles		46	(3 390)
Proceeds from sale of property, plant and equipment		11 189	10 471
Payments for property, plant and equipment		(1 074)	(3 905)
Net cash provided by/(used in) investing activities		1 043 652	(989 472)
Cash flows from financing activities			
Proceeds from interest-bearing liabilities		53 165 066	50 575 339
Repayment of interest-bearing liabilities		(53 762 986)	(48 937 845)
Net deposits (advanced)/received		(1 166 155)	573 961
Dividends paid		(500 000)	(47 000)
Net cash (used in)/provided by financing activities	15(b)	(2 264 075)	2 164 455
Net (decrease)/increase in cash and cash equivalents held		(1 484 100)	983 151
Cash and cash equivalents at 1 July		2 124 768	1 141 617
Cash and cash equivalents at 30 June	6	640 668	2 124 768
LONG TERM ASSETS			

No external cash flow is generated from the long term assets (refer note 1).

The accompanying notes form an integral part of these financial statements.

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1 General information

Queensland Treasury Corporation (QTC) is constituted under the *Queensland Treasury Corporation Act 1988* (the Act), with the Under Treasurer designated as the Corporation Sole under section 5 (2) of the Act. QTC is domiciled in Queensland, Australia, with its principal place of business being 111 Eagle Street, Brisbane, Queensland. QTC’s ultimate parent is the State of Queensland.

Capital Markets Operations

QTC is the Queensland Government’s central financing authority. QTC also provides a range of financial services to the State and its public sector entities, including local governments. QTC’s Capital Markets Operations include debt funding and management, cash management facilities, financial risk management advisory services, and specialist public finance education.

These services are undertaken on a cost-recovery basis with QTC lending at an interest rate based on its cost of funds and passing the benefits/costs of liability and asset management on to its clients. These activities can also generate a profit largely reflecting the interest earned from its own investments held for capital and liquidity purposes. In undertaking these activities, QTC maintains adequate capital to manage its risks.

Long Term Assets

QTC holds a portfolio of assets which were transferred to QTC by the State Government. These assets are held to fund superannuation and other long-term obligations of the State. The Long Term Assets are held in unit trusts managed by QIC Limited (QIC). In return, QTC has issued the State fixed rate notes with an interest rate of 7.0 per cent which is the expected long term average rate of return on the portfolio overseen by the Long Term Asset Advisory Board (LTAAB). This has resulted in the State receiving a fixed rate of return on the notes, while QTC absorbs the impact of fluctuations in the value and returns on the asset portfolio.

LTAAB is responsible for the oversight of the Long Term Assets which do not form part of QTC’s day-to-day Capital Markets Operations.

2 Significant accounting policies and other explanatory information

The principal accounting policies adopted in the preparation of the financial report are set out below and in the relevant notes to the financial statements.

(a) Basis of preparation

These general purpose financial statements for the year ended 30 June 2018 have been prepared in accordance with Australian Accounting Standards (AASB) and interpretations adopted by the Australian Accounting Standards Board, the Financial Accountability Act 2009, the Financial and Performance Management Standard 2009, and the Financial Reporting Requirements for Queensland Government Agencies (as applicable to statutory bodies).

Compliance with International Financial Reporting Standards

QTC’s financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. QTC has elected to comply with the requirements of IFRS as if it is a for-profit entity. Reporting as a for-profit entity does not materially change the financial statements of the Corporation.

Changes in accounting policy, disclosures, standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year

New accounting standards

This year, the Corporation has applied *AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* for the first time. The Corporation has disclosed more information to explain changes in liabilities arising from financing activities, including cash flows and non-cash flow changes. This is included in Note 15(b) – Notes to the Statement of Cash Flow. All other new and amended accounting standards effective for the financial year were adopted.

Standards and interpretations not yet adopted

Certain new accounting standards have been issued that are not mandatory for the current reporting period. Application of these standards is mandatory for annual reporting periods starting from 1 January 2018 onwards. For QTC this will be the 2018-19 financial year. The Corporation’s assessment of the impact of material changes from these standards is set out below:

(i) AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. It has been developed in order to simplify and address deficiencies in AASB 139. The main changes in the standard impacting QTC relate to classification and impairment of financial assets.

Classification of financial assets

Classification groups will change from the previous four categories model to a simplified three measurement basis - fair value through profit & loss (FVTPL), fair value through other comprehensive income, and amortised cost. QTC will continue to measure all financial instruments using the FVTPL measurement basis. Therefore there will be no measurement change as a result of the new standard.

Impairment of financial assets

AASB 9 introduces a new ‘expected credit loss’ (ECL) model for determining impairment losses for financial assets which results in earlier recognition of losses than the existing standard. Entities are required to make an allowance for:

- expected credit losses on all financial assets held at amortised cost or at fair value through other comprehensive income;
- all loan commitments not measured at fair value through profit or loss;
- financial guarantee contracts to which *AASB 9* is applied and that are not accounted for at fair value through profit or loss; and
- lease receivables that are within the scope of *AASB 117* Leases, and trade receivables or contract assets within the scope of *AASB 15 Revenue from Contracts with Customers* that give rise to an unconditional right to consideration.

With the exception of trade receivables, the ECL model does not apply to entities that measure financial assets at FVTPL such as QTC. For trade receivables or contract assets that do not contain a significant financing component, a loss allowance should be measured at initial recognition and throughout the life of the receivable at an amount equal to the lifetime ECL. QTC has adopted an expected credit loss model which will be applied to aged debt at the end of each reporting period. Based on QTC’s historical credit loss experience no impact to the financial statements is expected by adopting the ECL.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers replaces *AASB 118 Revenue*. The intention is to provide greater consistency, comparability and uniformity of reporting of revenue across the globe. Currently the timing of revenue recognition is based primarily on the transfer of risks and rewards. This has led to subjective assessment and potential mismatch in the reporting of revenue. The new standard focuses on when control of goods/services has transferred to the customer. It contains five principles that an entity will apply to determine the amount and timing of revenue. The underlying principle is for an entity to recognise revenue as it transfers goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.

2 Significant accounting policies and other explanatory information continued

AASB 15 explicitly excludes from its scope transactions governed by *AASB 9 Financial Instruments*. For QTC this relates to interest income. Fees from the provision of onlendings, cash management fees and guarantees fees come under the scope of *AASB 15*. QTC will apply the five step approach with revenue recognised over time as per client mandates. This will not change how QTC currently recognises revenue for these items. Where QTC acts principally as an agent to arrange the provision of services by another third party, no advisory fee revenue is recognised as these contracts are structured by QTC on a cost recovery basis. Where advisory fees are paid by a client for the use of QTC services, this revenue will be recognised by QTC as each performance obligation is completed. A detailed assessment will be made each reporting period on all outstanding client contracts.

(iii) AASB 16 Leases

AASB 16 Leases is effective for annual periods beginning on or after 1 January 2019. The new standard will change the accounting by lessees and result in the recognition of almost all leases on the balance sheet. For lessees, the standard requires the recognition of a right to use asset and a liability for the present value of future lease commitments. This will result in the current lease for QTC’s principal office at 111 Eagle Street and car parking leases being recognised on Balance Sheet. The present value of the current leasing commitments that will be added to the Balance Sheet (both as an asset and liability) is \$27 million. For lessors, the standard remains substantially unchanged and lessors will continue to distinguish between operating and finance leases.

Other than as noted above, the adoption of various Australian Accounting Standards and Interpretations on issue but not yet effective is not expected to have a material impact on the financial statements of the Corporation. However, the pronouncements may result in minor changes to how information is currently disclosed.

Basis of measurement

These financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. Fair value is the amount for which an asset could be exchanged or liability settled between knowledgeable, willing parties in an arm’s length transaction.

Functional and presentation currency

These financial statements are presented in Australian dollars which is QTC’s functional currency.

Classification of assets and liabilities

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

(b) Foreign currency

Foreign currency transactions are initially translated into Australian dollars at the rate of exchange applying at the date of the transaction. At balance date, amounts payable to and by QTC in foreign currencies have been valued using current exchange rates after taking into account interest rates and accrued interest. Exchange gains/losses are brought to account in the statement of comprehensive income.

(c) Collateral

QTC enters into a range of transactions with counterparties which require the lodgement of collateral subject to agreed market thresholds. Where these thresholds are exceeded, QTC may be required to either pledge assets to, or be entitled to receive pledged assets from, the counterparty to secure these transactions. The assets pledged or received are primarily in the form of cash.

(d) Financial assets and liabilities

Financial assets on initial recognition are classified into the following categories:

- Cash and cash equivalents
- Financial assets at fair value through profit or loss
- Derivative financial instruments, and
- Onlendings
- Financial liabilities are measured at fair value through profit or loss and include:
 - Interest-bearing liabilities, and
 - Deposits

Financial assets and liabilities are recognised in the balance sheet when QTC becomes party to the contractual provisions of the financial instrument, which is the settlement date of the transaction. A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by QTC. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and liabilities are measured at fair value through profit or loss by reference to quoted market exit prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques.

QTC uses mid-market rates as the basis for establishing fair values of quoted financial instruments with offsetting risk positions. In general, the risk characteristics of funds borrowed, together with the financial derivatives used to manage interest rate and foreign currency risks, closely match those of funds onlent. In all other cases, the bid-offer spread is applied where material.

Gains and losses on financial assets and liabilities at fair value through profit or loss are brought to account in the statement of comprehensive income.

(e) Offsetting financial instruments

QTC offsets financial assets and liabilities where there is a legally enforceable right to set-off, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously (refer note 12 (c)(iv)).

2 Significant accounting policies and other explanatory information continued

(f) Repurchase agreements

Securities sold under agreements to repurchase at an agreed price are retained within the financial assets at fair value through profit or loss category while the obligation to repurchase is disclosed as a financial liability at fair value through profit or loss.

(g) Lease income

Lease income from operating leases where QTC is the lessor is recognised as income on a straight line basis over the lease term.

(h) Fee income

Fee income includes:

- Management fee income, which represents income earned from the management of QTC’s onlendings and deposits, is recognised on an accrual basis when the service has been provided
- Professional fees, which are recognised in the period the services are provided to the extent that it is probable that the economic benefits will flow to QTC and can be measured reliably, and
- Revenue on financial guarantees, which are recognised at inception and on an ongoing basis over the contract term. As the probability of default is extremely low due to counter indemnities, the revenue receivable is reflective of fair value.

(i) Profits/losses

Unless otherwise determined by the Governor in Council, the *Queensland Treasury Corporation Act 1988* requires that all profits shall accrue to the benefit of the State Consolidated Fund and all losses shall be the responsibility of the State Consolidated Fund. Return of profits to the Consolidated Fund is made by way of dividends which are provided for following approval by the Board after considering QTC’s capital requirements.

(j) Intangible assets

Costs incurred to acquire computer software licences and to develop the specific software are capitalised. These assets are amortised on a straight-line basis over the period of expected benefit, which is usually between three and ten years.

(k) Impairment

The carrying value of non-financial assets is reviewed at each reporting date or where there is an indication of impairment. If an indication of impairment exists, the asset’s recoverable amount is determined. Any amount by which the asset’s carrying amount exceeds the recoverable amount is recorded as an impairment loss. The asset’s recoverable amount is determined as the higher of the asset’s fair value less cost of disposal or value in use.

(l) Employee benefits

A liability is recognised for employee benefits including salaries, annual leave, long service leave and short-term incentives where there is a present or constructive obligation as a result of past service. The liability is based on the amount expected to be paid provided that the obligation can be measured reliably. These are measured on an undiscounted basis where the amounts are expected to be paid within the next 12 months. For amounts where the payment date is expected to exceed 12 months such as long service leave, future pay increases are projected and then discounted using the Australian Government Bond Generic Yield rates. As sick leave is non-vesting, this is recognised as and when this leave is taken.

(m) Rounding

Amounts have been rounded to the nearest thousand dollars except for notes 21 and 22, which are in whole dollars and note 12(a)(ii) which is rounded to the nearest million dollars.

(n) Comparative figures

No material adjustments have been made to prior year comparatives.

(o) Judgements and assumptions

The preparation of the financial statements requires the use of accounting estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates may be significant to the financial statements are shown below:

Fair value of financial assets and financial liabilities

Financial assets and financial liabilities (including derivatives) are measured at fair value by reference to quoted market prices where available. The fair value of financial instruments that are not traded in an active market is determined by reference to market quotes for similar instruments or by use of valuation techniques. Valuation techniques may include applying trading margins to the swap curve or counterparty credit spreads for similar instruments, adjusted for changes in the credit worthiness of the counterparty. A margin may be applied based on the original purchase margin where an instrument is not actively traded. Judgement may be needed in selecting valuation methods or assumptions where an active market quote is not available.

Investments in Queensland Treasury Holdings Pty Ltd (QTH)

Queensland Treasury holds a 60 per cent beneficial interest in QTH and 76 per cent of the voting rights. The remaining 40 per cent beneficial interest and 24 per cent voting rights is held by QTC. QTC does not apply the equity method to its investment in QTH as it does not have control or significant influence over the entity, exposure or rights to variable returns or the power to affect those returns. Queensland Treasury controls the significant transactions and bears all the risks and benefits of QTH and accordingly, QTH is consolidated into the financial statements of Queensland Treasury.

3 Net gain/(loss) on financial instruments at fair value through profit or loss

Accounting Policy

Gain/(loss) on financial assets and financial liabilities at fair value through profit or loss includes:

- net interest income and expense recognised under the accrual basis
- net realised gain/(loss) resulting from market rate movements recognised on settlement date from the sale of investments and the pre-redemption of borrowings, and
- net unrealised gain/(loss) resulting from market rate movements from investments, certain onlendings and borrowings.

	2018 \$000	2017 \$000
Gain on financial assets at fair value through profit or loss		
Cash and cash equivalents	13 255	8 126
Financial assets at fair value through profit or loss	487 326	368 118
Derivatives	127 260	62 528
Onlendings	2 705 216	136 221
	<u>3 333 057</u>	<u>574 993</u>
(Loss)/gain on financial liabilities at fair value through profit or loss		
Financial liabilities at fair value through profit or loss		
- Short-term	(156 987)	(131 868)
- Long-term	(2 739 881)	(422 179)
Deposits	(191 600)	(193 499)
Derivatives	(135 499)	290 767
Other	(15 950)	(20 093)
	<u>(3 239 917)</u>	<u>(476 872)</u>

During the financial year, long term yields remained relatively stable, with a modest increase in market values adding to the interest income generated on financial assets and interest expense incurred on financial liabilities. In contrast, during the prior financial year yields rose more significantly leading to a decline in the market value of financial assets and liabilities. The decline in market values offset the majority of the interest income from financial assets and interest expense from financial liabilities.

4 Administration expenses

	2018 \$000	2017 \$000
Salaries and related costs	38 011	35 933
Superannuation contributions	3 395	3 463
Other employee benefits (1)	658	1 104
Contractors	542	4 488
Consultants' fees	6 837	3 128
Information and registry services	2 773	2 475
Depreciation on property, plant and equipment	973	1 649
Amortisation and impairment on intangible assets	2 092	1 757
Office occupancy	3 252	6 045
Information and communication technology	10 341	7 953
Other administration expenses	4 860	5 580
	<u>73 734</u>	<u>73 575</u>

(1) Relates to redundancy costs

5 Income tax expense

Accounting Policy

QTC is exempt from the payment of income tax under section 50-25 of the *Income Tax Assessment Act 1997* (as amended). QTC makes a payment in lieu of income tax to the Queensland Government’s Consolidated Fund. The calculation of the income tax liability is based on the income of certain activities controlled by QTC’s Capital Markets Operations. No income tax is payable on the Long Term Assets segment.

	2018 \$000	2017 \$000
Current tax	15 943	13 538
Deferred tax expense/(income)	(1 985)	662
Total income tax expense recognised in the year	13 958	14 200
Numerical reconciliation between income tax expense and pre-tax accounting profit		
(Loss)/profit for the year before tax	(85 408)	367 975
Less profits/(losses) from non-taxable portfolios:		
Capital Markets Operations	61 773	96 095
Long Term Assets	(193 698)	224 591
Operating profit from taxable portfolios	46 517	47 289
Tax at the Australian tax rate of 30% on taxable portfolios	13 955	14 187
Effect of non-deductible items:	3	13
Income tax expense	13 958	14 200

6 Cash and cash equivalents

Accounting Policy

Cash and cash equivalents include cash on hand and demand deposits (11am cash) which are highly liquid investments that are readily convertible to cash.

	2018 \$000	2017 \$000
Cash at bank ⁽¹⁾	42	989 588
Money market deposits	640 626	1 135 180
	640 668	2 124 768

⁽¹⁾ In 2017, additional cash was placed in the bank account by a client over year end and then withdrawn in early July (refer note 10).

7 Assets held for sale

Accounting Policy

Non-current assets are classified as assets held for sale and reported at their net carrying amount. Any subsequent increase or decrease in fair value less costs to sell is recognised in the statement of comprehensive income. Depreciation rates are as follows:

Asset class	Depreciation rate
Plant and machinery	10 – 30%

Set out below are reconciliations of the carrying amounts for plant and machinery that were available for sale at balance date (refer note 25). These consist mainly of buses and ferries which QTC leases to public sector entities under a whole of government operating lease facility.

	2018 \$000	2017 \$000
Cost at balance date	166 167	230 936
Accumulated depreciation and impairment	(106 782)	(138 835)
Net carrying amount	59 385	92 101
Movement		
Net carrying amount at beginning of year	92 101	132 384
Disposals	(11 434)	(10 470)
Depreciation expense	(21 282)	(29 813)
Net carrying amount at end of year	59 385	92 101

8 Financial assets at fair value through profit or loss

	2018 \$000	2017 \$000
Discount securities	4 948 971	3 567 666
Commonwealth and state securities ⁽¹⁾	1 384 150	1 515 773
Floating rate notes	8 245 590	7 639 279
Term deposits	4 952 090	5 232 255
Other investments	997 679	1 313 178
	<u>20 528 480</u>	<u>19 268 151</u>

⁽¹⁾ QTC maintains holdings of its own stocks. These holdings are netted off and therefore excluded from financial assets and financial liabilities at fair value through profit or loss.

As at 30 June 2018, \$8,033.6 million (2017: \$7,590.8 million) of financial assets will mature after 12 months.

9 Derivative financial assets and derivative financial liabilities

Accounting Policy

All derivatives are measured at fair value through profit or loss with gains and losses recognised in the income statement. Derivatives are carried on the balance sheet as assets when the fair value is positive and as liabilities when the fair value is negative.

QTC uses derivative financial instruments to hedge its exposure to interest rate, foreign currency and credit risks as part of its asset and liability management activities. In addition derivatives may be used to deliver long term floating rate or long term fixed rate exposure.

	2018 \$000	2017 \$000
Derivative financial assets		
Interest rate swaps	38 614	62 511
Cross currency swaps	31 035	176 238
Foreign exchange contracts	47 047	39
Futures contracts	13 419	98 771
	<u>130 115</u>	<u>337 559</u>
Derivative financial liabilities		
Interest rate swaps	(31 635)	(8 317)
Cross currency swaps	(20 104)	(101 649)
Foreign exchange contracts	(2 287)	(9 677)
Futures contracts	(41 184)	(55 549)
	<u>(95 210)</u>	<u>(175 192)</u>
Net derivatives	<u>34 905</u>	<u>162 367</u>

As at 30 June 2018, \$15.3 million (2017: \$11.2 million) of these derivatives have maturity dates exceeding 12 months.



10 Onlendings

Accounting Policy

QTC borrows on behalf of its clients and lends at an interest rate based on QTC’s cost of funds, plus an administration fee to cover the costs of QTC’s operations.

Onlendings are initially recognised at the amount drawn-down. Subsequent to initial recognition, onlendings are included in the balance sheet at fair value by reference to either the underlying debt portfolio, or in the case of fixed rate loans on a discounted cash flow basis.

	2018 \$000	2017 \$000
Government departments and agencies	31 382 607	33 829 520
Government owned corporations	26 006 139	26 400 250
Statutory bodies ⁽¹⁾	18 017 825	17 996 287
Local governments ⁽²⁾	6 136 975	6 449 433
QTC related entities	121 626	130 385
Other bodies ⁽²⁾	286 611	296 083
	81 951 783	85 101 958

⁽¹⁾ includes onlendings to Universities \$406.8 million (2017: \$372.7 million) which are not part of Queensland Treasury’s related parties

⁽²⁾ Local governments and other bodies are not part of Queensland Treasury’s related parties

At 30 June 2018, client deposits of \$4.6 billion have been placed in redraw facilities and offset the value of onlendings in the balance sheet (2017: \$3.9 billion). The gross value of onlendings at 30 June 2018 was \$86.6 billion (2017: \$89.0 billion).

As at 30 June 2018, \$81,628.9 million (2017: \$84,162.3 million) of repayments are expected to be received after 12 months.

11 Financial liabilities at fair value through profit or loss

(a) Interest-bearing liabilities

Interest-bearing liabilities mainly consist of short-term treasury notes, Australian and overseas bonds and floating rate notes. Australian bonds include QTC’s domestic, capital indexed and public bonds. Overseas bonds include global bonds and eurobonds. Global bonds are Australian dollar denominated bonds issued in the United States and Euro markets.

	2018 \$000	2017 \$000
Interest-bearing liabilities		
Short-term		
Treasury notes	4 244 895	4 471 325
Commercial paper	1 165 092	921 564
	5 409 987	5 392 889
Long-term		
AUD Bonds	85 766 730	88 313 286
Floating rate notes	4 009 753	2 505 946
Global AUD Bonds	—	186 138
Medium-term notes	1 021 030	1 730 599
Other	324 949	334 124
	91 122 462	93 070 093
Total interest-bearing liabilities	96 532 449	98 462 982

QTC borrowings are guaranteed by the Queensland Government under the *Queensland Treasury Corporation Act 1988*. As at 30 June 2018, \$81,328.6 million (2017: \$83,556.6 million) of debt securities are expected to be settled after more than 12 months.

Instruments denominated in foreign currency are fully hedged resulting in no net exposure to any foreign currency. Details of QTC’s exposure to foreign currencies and the derivatives used to hedge this exposure are disclosed in note 12(a)(i).

11 Financial liabilities at fair value through profit or loss continued

(a) Interest-bearing liabilities continued

The difference between the carrying amount of financial liabilities and the amount contractually required to be paid at maturity to the holder of the obligation is set out in the following table:

AS AT 30 JUNE 2018	FAIR VALUE \$000	REPAYMENT AT MATURITY \$000	DIFFERENCE \$000
Interest-bearing liabilities			
Short-term			
Treasury notes	4 244 895	4 255 000	(10 105)
Commercial paper	1 165 092	1 167 841	(2 749)
	5 409 987	5 422 841	(12 854)
Long-term			
AUD Bonds	85 766 730	77 940 564	7 826 166
Floating rate notes	4 009 753	4 000 000	9 753
Medium-term notes	1 021 030	964 587	56 443
Other	324 949	323 888	1 061
	91 122 462	83 229 039	7 893 423
Total interest-bearing liabilities	96 532 449	88 651 880	7 880 569

AS AT 30 JUNE 2017	FAIR VALUE \$000	REPAYMENT AT MATURITY \$000	DIFFERENCE \$000
Interest-bearing liabilities			
Short-term			
Treasury notes	4 471 325	4 485 000	(13 675)
Commercial paper	921 564	923 315	(1 751)
	5 392 889	5 408 315	(15 426)
Long-term			
AUD Bonds	88 313 286	79 079 879	9 233 407
Floating rate notes	2 505 946	2 500 000	5 946
Global AUD Bonds	186 138	181 276	4 862
Medium-term notes	1 730 599	1 659 197	71 402
Other	334 124	331 629	2 495
	93 070 093	83 751 981	9 318 112
Total interest-bearing liabilities	98 462 982	89 160 296	9 302 686

11 Financial liabilities at fair value through profit or loss continued

(b) Deposits

Client deposits are accepted to either the QTC Cash Fund or Working Capital Facility (11AM Fund). Income derived from the investment of these deposits accrues to depositors daily. The amount shown in the balance sheet represents the market value of deposits held at balance date.

Collateral held and securities which are sold under agreements to repurchase are disclosed as deposits.

	2018 \$000	2017 \$000
Client deposits		
Local governments	2 549 851	3 049 454
Statutory bodies	2 706 450	2 773 869
Government-owned Corporations	83 376	920 111
Government departments and agencies	73 233	44 349
QTC related entities	83 172	77 329
Other depositors	173 671	172 443
	5 669 753	7 037 555
Collateral held	72 860	75 290
Repurchase agreements	470 931	316 046
	543 791	391 336
Total deposits	6 213 544	7 428 891

As at 30 June 2018, \$5,616.0 million (2017: \$6,977.2 million) will mature within 12 months.

12 Financial risk management

QTC’s activities expose it to a variety of financial risks including market risk (foreign exchange, interest rate, basis spreads, and credit spreads), liquidity risk, and credit risk. QTC’s financial risk management focuses on minimising financial risk exposures and managing volatility, and seeks to mitigate potential adverse effects of financial risks on the financial performance of QTC and its clients. To assist in managing financial risk, QTC uses derivative financial instruments such as foreign exchange contracts, interest rate swaps and futures contracts.

Robust systems are in place for managing financial risk and compliance. Adherence to financial risk policies are monitored daily. To ensure independence, measurement and monitoring of financial risks are performed by teams separate to those transacting.

All financial risk management activities are conducted within Board approved policies, as set out in the Financial Markets Risk Policy with new financial instruments approved by the QTC Board. All breaches of the Financial Markets Risk Policy are escalated to management, the Chief Executive and the Funding and Markets Committee and presented at the next board meeting.

QTC ensures that in undertaking its capital markets activities it has regard to its Capital Adequacy Policy. This Policy sets out how QTC should manage its capital requirements to support its business activities and risk profile. Capital requirements are calculated for funding, liquidity, market, credit and operational risks with stress testing applied. Optimal capital requirements are regularly compared to QTC’s actual capital with reports presented to management and the Board.

(a) Market risk

QTC is exposed to market risk in the form of interest rate risk and foreign exchange risk with price risk not having a significant impact.

QTC’s exposure to market risk is through its borrowing and investment activities, including borrowing in advance of requirements to ensure Queensland public sector entities have ready access to funding when required and also to reduce the risk associated with refinancing maturing loans. As a consequence of market changes, there are residual risk positions which may result in realised and unrealised accounting gains or losses being recorded during the year. Depending on whether these transactions are held to maturity, the unrealised gains or losses may be reversed in subsequent accounting periods.

QTC’s investments on behalf of its clients are held in the QTC Cash Fund. Movement in credit spreads will impact on the value of the assets held in the Cash Fund resulting in unrealised mark-to-market accounting gains or losses. QTC generally holds these assets to maturity and therefore any mark-to-market impacts from credit margin changes are typically reversed over the life of the assets. QTC does not pass these unrealised credit spread adjustments onto the client, either positive or negative, in the returns to Cash Fund participants.

(i) Foreign exchange risk

QTC has funding facilities that allow for borrowing in foreign currencies. At times, QTC’s Cash Fund invests in foreign currency assets. QTC enters into both forward exchange contracts and cross currency swaps to hedge the exposure of foreign currency borrowings and offshore investments from fluctuations in exchange rates. The following table summarises the hedging effect, in Australian dollars, that cross currency swaps and forward exchange contracts have had on the face value of offshore borrowings and investments.

	BORROWINGS		OFFSHORE INVESTMENTS		DERIVATIVE CONTRACTS		NET EXPOSURE	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
USD	(927 228)	(820 348)	424 185	729 101	503 043	91 247	—	—
NZD	—	(841 851)	—	—	—	841 851	—	—
GBP	(230 613)	—	—	29 812	230 613	(29 812)	—	—
CHF	(149 701)	(149 528)	—	—	149 701	149 528	—	—
JPY	(183 492)	(174 549)	—	—	183 492	174 549	—	—
EUR	(631 496)	(596 235)	—	52 040	631 496	544 195	—	—

12 Financial risk management continued

(a) Market risk continued

(ii) Interest rate risk

QTC lends to clients based on a duration profile specified in the client mandates. QTC then manages any mismatch between the duration profile of client loans and QTC’s funding within an Asset and Liability Management Portfolio. Duration is a direct measure of the interest rate sensitivity of a financial instrument or a portfolio of financial instruments and quantifies the change in value of a financial instrument or portfolio due to interest rate movements. All costs or benefits of managing any mismatch between client loans and QTC funding are passed on to QTC clients ensuring that QTC is effectively immunised from interest rate risk with respect to these portfolios.

QTC’s interest rate risk, which results from borrowing in advance and investing surplus funds in high credit quality, highly liquid assets, is managed with consideration given to duration risk, yield curve risk, basis risk and Value-at-Risk (VaR). To manage the risk of non-parallel yield curve movements, QTC manages portfolio cash flows in a series of time periods so that the net interest rate risk in each time period can be measured. QTC enters into interest rate swaps, forward rate agreements and futures contracts to assist in the management of interest rate risk.

In QTC’s Funding and Liquidity portfolios, interest rate swaps may be utilised to change the interest rate exposure of medium to long term fixed rate borrowings into that of a floating rate borrowing. Also, at times, floating to fixed swaps may be undertaken to generate a fixed rate term funding profile. QTC is exposed to basis risk when interest rate swaps are used in the Funding and Liquidity portfolios. Basis risk represents a mark-to-market exposure due to movements between the swap curve and QTC’s yield curve.

QTC uses a Board approved VaR framework to manage QTC’s exposure to market risk complemented by other measures such as defined stress tests and PVBP (change in the present value for a one basis point movement). The VaR measure estimates the potential mark-to-market loss over a given holding period at a 99 per cent confidence level. QTC uses the historical simulation approach to calculate VaR with a holding period of 10 business days.

VaR impact

The VaR at 30 June, along with the minimum, maximum and average exposure over the financial year was as follows:

INTEREST RATE RISK VAR	2018 \$M	2017 \$M
As at 30 June	11	16
Average for the year	14	14
Financial year - minimum	11	10
Financial year - maximum	24	16

The above VaR calculation does not include the potential mark-to-market impact of changes in credit spreads on the value of assets held in the QTC Cash Fund. At 30 June 2018, QTC had an exposure of approximately \$0.90 million per basis point to changes in credit spreads of assets held in the QTC Cash Fund.

QTC also calculates Stressed VaR, which is a measure used to determine the optimal level of capital that QTC should maintain in order to manage its risks in accordance with its Capital Adequacy Policy. Optimal Capital is calculated and compared to QTC’s actual capital. The Stressed VaR is based on a historical period that covers the Global Financial Crisis.

(b) Liquidity and financing risks

QTC has a robust internal framework whereby extensive liquidity scenario analysis and forecasting is undertaken to understand assumption sensitivities to ensure there is appropriate forward looking visibility of the State’s liquidity position.

QTC debt is a Level 1 (prudentially required) asset for Australian banks under Basel III reforms with a 0% capital risk weighting. In normal and difficult market circumstances, QTC debt is likely to be in high demand. The ability to issue debt is considered a potential source of liquidity.

QTC holds appropriate liquidity (allowing for suitable haircuts of liquid assets) to meet minimum liquidity requirements as estimated today and as forecast into the future. QTC measures the minimum liquidity requirement to comfortably meet the following scenarios simultaneously:

- Standard & Poor’s Liquidity Ratio – maintaining a ratio greater than 80% of liquid assets over debt servicing requirements over next 12 months
- Liquidity forecast – maintaining a minimum of \$4 billion forecast liquidity over any pending 12 month period
- Daily cash balances – maintaining a minimum of five working days’ net cash requirements in 11AM cash, RBA repo eligible securities and Negotiable Certificates of Deposits to fund the net cash flows from assets and liabilities on QTC’s balance sheet.

In addition, QTC holds liquid assets to support public sector entity deposits and the State’s Long Term Assets. QTC considers these liquid assets as potential sources of liquidity in a liquidity crisis.

QTC maintains its AUD benchmark bond facility as its core medium to long-term funding facility and its domestic treasury note facility, euro-commercial paper facility and US commercial paper facility as its core short-term funding facilities. In addition, QTC has in place Euro and US medium-term note facilities to take advantage of funding opportunities in offshore markets. These facilities ensure that QTC is readily able to access the domestic and international financial markets.

With the exception of deposits and payables, the maturity analysis for liabilities has been calculated based on the contractual cash flows relating to the repayment of the principal (face value) and interest amounts over the contractual terms.

Deposits on account of the Cash Fund and Working Capital Facility (11AM Fund) are repayable at call while deposits held as security for stock lending and repurchase agreements are repayable when the security is lodged with QTC.

With the exception of cash and receivables, the maturity analysis for assets has been calculated based on the contractual cash flows relating to the repayment of the principal (face value) and interest amounts over the contractual terms.

In relation to client onlendings, certain loans are interest only with no fixed repayment date for the principal component (ie. loans are made based on the quality of the client’s business and its financial strength). For the purposes of completing the maturity analysis, the principal component of these loans has been included in the greater than five year time band with no interest payment assumed in this time band.

12 Financial risk management continued

(b) Liquidity and financing risks continued

The following table sets out the contractual cash flows relating to financial assets and financial liabilities held by QTC at balance date.

CONTRACTUAL MATURITIES AS AT 30 JUNE 2018	3 MONTHS OR LESS \$000	3 - 6 MONTHS \$000	6 - 12 MONTHS \$000	1 - 5 YEARS \$000	MORE THAN 5 YEARS \$000	TOTAL \$000	FAIR VALUE \$000
Financial assets							
Cash and cash equivalents	640 668	—	—	—	—	640 668	640 668
Receivables	7 484	—	—	—	—	7 484	7 484
Onlendings ⁽¹⁾	1 332 075	1 212 306	1 432 167	15 448 446	73 486 751	92 911 745	81 951 783
Financial assets at fair value through profit or loss	6 690 126	3 862 733	2 186 803	7 227 083	1 717 974	21 684 719	20 528 480
Total assets	8 670 353	5 075 039	3 618 970	22 675 529	75 204 725	115 244 616	103 128 415
Financial liabilities							
Payables	(29 551)	—	—	—	—	(29 551)	(29 551)
Deposits	(6 075 055)	(22 371)	(4 348)	(14 964)	(97 999)	(6 214 737)	(6 213 544)
Financial liabilities at fair value through profit or loss							
- Short-term	(5 322 841)	(100 000)	—	—	—	(5 422 841)	(5 409 987)
- Long-term	(1 515 388)	(2 480 881)	(9 677 846)	(40 135 077)	(51 180 448)	(104 989 640)	(91 122 462)
Total liabilities	(12 942 835)	(2 603 252)	(9 682 194)	(40 150 041)	(51 278 447)	(116 656 769)	(102 775 544)
Derivatives							
Interest rate swaps	(6 283)	(1 568)	(6 238)	(31 577)	64 911	19 244	6 979
Cross currency swaps	(30)	(2 447)	(18 858)	(94 208)	(510 400)	(625 943)	10 931
Foreign exchange contracts	44 516	—	—	—	—	44 516	44 760
Futures contracts	(27 765)	—	—	—	—	(27 765)	(27 765)
Net derivatives	10 438	(4 015)	(25 096)	(125 785)	(445 489)	(589 947)	34 905
Net (liabilities)/assets	(4 262 044)	2 467 772	(6 088 320)	(17 600 297)	23 480 789	(2 002 100)	387 776
Cumulative	(4 262 044)	(1 794 272)	(7 882 592)	(25 482 889)	(2 002 100)	—	—

(1) A large proportion of QTC’s onlendings are based on the quality of the business and financial strength of the client. Funds are therefore onlent on the basis of these businesses being going concerns and continuing to meet key credit metrics criteria such as debt to capital and interest coverage ratios. Accordingly, a significant portion of the onlendings portfolio has a loan maturity profile which is greater than five years with the interest rate risk of these loans being managed based on the client’s business risk such that the funding is structured on the underlying business profile. This results in QTC’s liability maturity profile being shorter than the asset maturity profile. Though not exposing QTC to interest rate risk, this approach does require QTC to undertake periodic refinancing of its liabilities.

12 Financial risk management continued

(b) Liquidity and financing risks continued

CONTRACTUAL MATURITIES AS AT 30 JUNE 2017	3 MONTHS OR LESS \$000	3 - 6 MONTHS \$000	6 - 12 MONTHS \$000	1 - 5 YEARS \$000	MORE THAN 5 YEARS \$000	TOTAL \$000	FAIR VALUE \$000
Financial assets							
Cash and cash equivalents	2 124 768	—	—	—	—	2 124 768	2 124 768
Receivables	4 018	—	—	—	—	4 018	4 018
Onlendings	1 061 433	1 010 083	2 179 578	16 135 364	74 321 312	94 707 770	85 101 958
Financial assets at fair value through profit or loss	6 795 137	2 761 532	2 445 304	6 373 254	1 625 981	20 001 208	19 268 151
Total assets	9 985 356	3 771 615	4 624 882	22 508 618	75 947 293	116 837 764	106 498 895
Financial liabilities							
Payables and dividends	(34 948)	—	(500 000)	—	—	(534 948)	(534 948)
Deposits	(7 280 949)	(22 377)	(4 394)	(21 921)	(99 705)	(7 429 346)	(7 428 891)
Financial liabilities at fair value through profit or loss							
- Short-term	(3 940 362)	(1 467 953)	—	—	—	(5 408 315)	(5 392 889)
- Long-term	(5 821 893)	(514 661)	(6 888 134)	(41 353 155)	(44 646 553)	(99 224 396)	(93 070 093)
Total liabilities	(17 078 152)	(2 004 991)	(7 392 528)	(41 375 076)	(44 746 258)	(112 597 005)	(106 426 821)
Derivatives							
Interest rate swaps	(5 422)	(5 897)	(13 242)	(16 996)	—	(41 557)	54 194
Cross currency swaps	124 059	6 141	(36 909)	(87 923)	(46 102)	(40 734)	74 589
Foreign exchange contracts	(6 011)	(4 180)	—	—	—	(10 191)	(9 638)
Futures contracts	43 222	—	—	—	—	43 222	43 222
Net derivatives	155 848	(3 936)	(50 151)	(104 919)	(46 102)	(49 260)	162 367
Net (liabilities)/assets	(6 936 948)	1 762 688	(2 817 797)	(18 971 377)	31 154 933	4 191 499	234 441
Cumulative	(6 936 948)	(5 174 260)	(7 992 057)	(26 963 434)	4 191 499	—	—

12 Financial risk management continued

(c) Credit risk

(i) Financial markets counterparties

Credit risk is regularly assessed, measured and managed in strict accordance with QTC’s financial markets risk policy. Exposure to credit risk is managed through regular analysis of the ability of credit counterparties to meet payment obligations.

Credit exposure is QTC’s estimate of the potential loss at balance date in relation to investments and derivative contracts (measured using methodologies based on Basel III) in the event of non-performance by all counterparties. The credit exposure for non-derivative investments is calculated based on the higher of the market value or face value of the instrument while exposure to derivative contracts is based only on a notional ‘add-on’ factor applied to the value of the instrument, as derivatives are marked-to-market daily with zero thresholds under all of QTC’s credit support annexes. QTC utilises collateral arrangements to limit its derivatives’ credit exposure (refer (iv) master netting arrangements).

All derivative contracts are subject to zero threshold collateral arrangements with the effect of credit valuation adjustments (CVA) and debt valuation adjustments (DVA) reflected where material. However this is typically not required due to the impact of collateral arrangements and the high credit worthiness of counterparties, hence for derivative contracts, credit risk is not a significant factor in the determination of fair value.

The following tables represent QTC’s exposure to credit risk at 30 June:

BY CREDIT RATING ⁽¹⁾ 30 JUNE 2018	AAA \$000	AA+ \$000	AA \$000	AA- \$000	A+ \$000	A \$000	OTHER ⁽²⁾ \$000	TOTAL \$000
Cash & equivalents	—	—	—	640 668	—	—	—	640 668
Financial assets ⁽³⁾	1 422 968	585 896	257 043	15 041 095	2 140 943	1 572 754	180 356	21 201 055
Derivatives	—	—	—	42 436	11 360	—	—	53 796
	1 422 968	585 896	257 043	15 724 199	2 152 303	1 572 754	180 356	21 895 519
	6%	3%	1%	72%	10%	7%	1%	100%

BY CREDIT RATING ⁽¹⁾ 30 JUNE 2017	—	—	—	2 124 768	—	—	—	2 124 768
Cash & equivalents	—	—	—	2 124 768	—	—	—	2 124 768
Financial assets ⁽³⁾	1 413 098	381 750	332 172	14 848 004	1 243 689	570 008	338 632	19 127 353
Derivatives	—	—	—	69 476	44 853	—	—	114 329
	1 413 098	381 750	332 172	17 042 248	1 288 542	570 008	338 632	21 366 450
	6%	2%	2%	80%	6%	2%	2%	100%

⁽¹⁾ Credit rating as per Standard & Poor’s or equivalent agency
⁽²⁾ Includes long term ratings of A-, or a short term rating of A-1+ & A-2
⁽³⁾ Financial assets are based on unsettled face value and consist mainly of discount securities, Commonwealth & State securities, floating rate notes and term deposits

QTC adopts a conservative approach to the management of credit risk with a strong bias to high credit quality counterparties. QTC maintains a ratings based approach in determining maximum credit exposures to counterparties which is supplemented by QTC’s credit risk analysis team performing its own credit assessment of QTC’s capital markets counterparties. The country of domicile, the counterparty’s credit metrics, size of its funding programs, asset composition and quality of the underlying security are key considerations when determining limits.

QTC has a significant concentration of credit risk to the banking sector and in particular, the domestic banking sector. While QTC has been focused on diversifying its investment portfolio, investments in bank credit predominate because of QTC’s requirement to invest with counterparties rated BBB+ or better (approximately 82 per cent of exposures are AA- or better) and to invest in highly liquid securities.

(ii) Onlending counterparties

Counterparties for onlendings, with the exception of some small exposures to private companies, are Queensland Government sector entities with approximately 75 per cent (2017: 68 per cent) of these onlendings having an explicit State Government guarantee. As a consequence, these exposures are not included in QTC’s total credit exposure.

(iii) Fair value attributable to credit risk of QTC’s liabilities

QTC’s borrowings are guaranteed by the State Government, and in the case of the Australian Government Guaranteed borrowings (2018: \$2,427 million), by the Commonwealth. As a result, credit risk is not a significant factor in the determination of fair value. Changes in fair value are mainly attributable to market fluctuations.

(iv) Master netting arrangements

QTC enters into all derivative transactions under International Swaps and Derivatives Association (ISDA) Master Agreements. QTC does not currently have any master netting arrangements where a default event has occurred, and has therefore presented all derivative financial instruments on a gross basis in the statement of financial position. QTC also has Credit Support Annexes (CSAs) in place with each ISDA, under which collateral is transferred every business day. This further reduces QTC’s credit exposure.

12 Financial risk management continued

(c) Credit risk continued

(iv) Master netting arrangements continued

The following table presents the financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset. The column ‘net amount’ shows the impact on QTC’s balance sheet if all set-off rights were exercised.

	RELATED TO AMOUNTS NOT SET OFF IN THE BALANCE SHEET			
	GROSS AND NET AMOUNTS ON THE BALANCE SHEET \$000	FINANCIAL INSTRUMENTS COLLATERAL \$000	CASH COLLATERAL RECEIVED OR GIVEN \$000	NET AMOUNT \$000
2018				
Derivative assets:				
- subject to master netting arrangements	130 115	—	(128 347)	1 768
Derivative liabilities:				
- subject to master netting arrangements	(95 210)	—	95 210	—
Net exposure	34 905	—	(33 137)	1 768
2017				
Derivative assets:				
- subject to master netting arrangements	337 559	(63 126)	(244 936)	29 497
Derivative liabilities:				
- subject to master netting arrangements	(175 192)	—	175 652	460
Net exposure	162 367	(63 126)	(69 284)	29 957

13 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 used.

Level 1 – quoted prices (unadjusted) in active markets that QTC can access at measurement date for identical assets and liabilities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments at fair value through profit or loss are valued by reference to either quoted market prices or observable inputs with no significant adjustments applied to instruments held and therefore no financial instruments at fair value through profit or loss are classified under Level 3.

Financial assets classified as Level 1 consist primarily of short-term and tradable bank deposits, Commonwealth and semi-government bonds and futures contracts where an active market has been established. Financial liabilities classified as Level 1 consist of QTC benchmark bonds.

Financial assets classified as Level 2 include non-actively traded corporate and semi-government bonds, certain money market securities, floating rate notes, term deposits, QTC onlendings and all over the counter derivatives. The principal inputs in determining fair value include benchmark interest rates such as interbank rates, quoted interest rates in the swap,

bond and futures markets, trading margins to the swap curve and counterparty credit spreads for similar instruments adjusted for changes in the credit worthiness of the counterparty. A margin may be applied based on the original purchase margin where the instrument is not actively traded. QTC onlendings are priced based on the underlying liability portfolio.

Financial liabilities classified as Level 2 include commercial paper, treasury notes, medium-term notes, floating rate notes, QTC Capital Index Bonds and client deposits. The principal inputs in determining fair value include benchmark interest rates such as interbank rates and quoted interest rates in the swap and bond markets. Valuations may include a fixed margin to LIBOR or swap curve. Client deposits are principally held in the QTC Cash Fund which is capital guaranteed.

Over the counter derivatives are typically valued as Level 2 and include FX forwards, FX swaps, interest rate and cross currency swaps. The principal inputs in determining fair value include quoted interest rates in the swap market, spot FX rates and basis curves.

QTC applies mid-market pricing as a practical and consistent method for fair value measurements within the bid-ask spread.

Classification of instruments into fair value hierarchy levels is reviewed annually and where there has been a significant change to the valuation inputs and a transfer is deemed to occur, this is effected at the end of the relevant reporting period. Floating rate notes were transferred from level 2 to level 1 as they meet the liquidity requirements and valuations were based on quoted prices during the current year. Liquidity in the QTC 2030 and QTC 2033 bonds improved and were also transferred from level 2 to level 1 during the year.

13 Fair value hierarchy continued

AS AT 30 JUNE 2018	QUOTED PRICES LEVEL 1 \$000	OBSERVABLE INPUTS LEVEL 2 \$000	TOTAL \$000
Financial assets			
Cash and cash equivalents	640 668	—	640 668
Financial assets through profit or loss	12 054 074	8 474 406	20 528 480
Onlendings	—	81 951 783	81 951 783
Derivative financial assets	13 419	116 696	130 115
Total financial assets	12 708 161	90 542 885	103 251 046
Financial liabilities			
Financial liabilities through profit or loss			
- Short-term	—	5 409 987	5 409 987
- Long-term	86 315 997	4 806 465	91 122 462
Deposits	—	6 213 544	6 213 544
Derivative financial liabilities	41 184	54 026	95 210
Total financial liabilities	86 357 181	16 484 022	102 841 203
AS AT 30 JUNE 2017			
Financial assets			
Cash and cash equivalents	2 124 768	—	2 124 768
Financial assets through profit or loss	5 733 080	13 535 071	19 268 151
Onlendings	—	85 101 958	85 101 958
Derivative financial assets	98 810	238 749	337 559
Total financial assets	7 956 658	98 875 778	106 832 436
Financial liabilities			
Financial liabilities through profit or loss			
- Short-term	—	5 392 889	5 392 889
- Long-term	85 852 647	7 217 446	93 070 093
Deposits	—	7 428 891	7 428 891
Derivative financial liabilities	65 226	109 966	175 192
Total financial liabilities	85 917 873	20 149 192	106 067 065

14 Property, plant and equipment

Accounting Policy

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight line basis over the estimated useful life of the assets. Depreciation rates are as follows:

Asset class	Depreciation rate
Information technology & office equipment	6 – 40%

The assets’ residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end.

Reconciliations of the carrying amounts for property, plant and equipment are set out below:

	2018 \$000	2017 \$000
Cost at balance date	6 168	12 208
Accumulated depreciation and impairment	(1 583)	(7 545)
Net carrying amount	4 585	4 483
Movement		
Net carrying amount at beginning of year	4 483	2 265
Additions	1 075	3 904
Disposals	—	(37)
Depreciation expense	(973)	(1 649)
Net carrying amount at end of year	4 585	4 483

15 Notes to the statement of cash flows

(a) Reconciliation of profit after tax to net cash provided by operating activities

	2018 \$000	2017 \$000
Profit for the year	94 332	129 184
Non-cash flows in operating surplus		
Loss/(gain) on interest-bearing liabilities	1 422 117	(3 285 567)
Gain on deposits held	(17)	(1 133)
Loss on onlendings	790 966	4 018 515
Loss on financial assets at fair value through profit or loss	12 243	86 358
Depreciation and amortisation	24 590	33 256
Doubtful debts- cooperative housing societies	323	153
Changes in assets and liabilities		
Decrease in financial assets at fair value through profit or loss	22 363	32 930
(Increase)/decrease in deferred tax asset	(1 985)	662
Increase in onlendings	(13 692)	(165 931)
(Increase)/decrease in receivables	(3 583)	7 626
Decrease in interest-bearing liabilities	(2 631 089)	(568 658)
(Decrease)/increase in deposits	(1 087)	11 125
Increase/(decrease) in payables and other liabilities	20 842	(490 352)
Net cash used in operating activities	(263 677)	(191 832)

15 Notes to the statement of cash flows continued

(b) Reconciliation of liabilities arising from financing activities

	OPENING BALANCE \$000	CASH FLOWS \$000	FAIR VALUE MOVEMENT \$000	FOREIGN EXCHANGE MOVEMENT \$000	OTHER NON CASH MOVEMENT \$000	CLOSING BALANCE \$000
AS AT 30 JUNE 2018						
Interest-bearing liabilities*	98 638 174	(597 920)	(1 359 678)	(62 439)	9 522	96 627 659
Deposits	7 428 891	(1 166 155)	17	—	(49 209)	6 213 544
Dividend paid	500 000	(500 000)	—	—	—	—
	106 567 065	(2 264 075)	(1 359 661)	(62 439)	(39 687)	102 841 203

* Includes derivatives



16 Financial assets at fair value through profit or loss

Accounting Policy – Classification and measurement

Financial instruments on initial recognition are classified into the following categories:

- Financial assets at fair value through profit or loss, and
- Financial liabilities at amortised cost.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include investments held in unit trusts which consist of investments held and managed by QIC and include cash, international equities and other diversified products. These investments are measured at market value based on the hard close unit price quoted by QIC adjusted for fees outstanding on the account and net of any GST recoverable.

Financial liabilities at amortised cost

Financial liabilities at amortised cost consist of fixed rate notes issued to the State Government in exchange for a portfolio of assets. The fixed rate notes were initially recognised at par value, which equated to the fair value of the financial assets acquired. Deposits and withdrawals are made to/from the notes based on changes in the State Government’s long-term liabilities. The notes will terminate upon the greater of 50 years (from the transaction date of 1 July 2008) or the date that the State Government’s long term liabilities cease to exist. Interest on the fixed rate notes is capitalised monthly and the rate is reviewed annually.

Financial liabilities at amortised cost are measured using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or interest expense over the relevant period. In this way, interest is recognised in the statement of comprehensive income in the period in which it accrues.

	2018 \$000	2017 \$000
Investments in unit trusts and other holdings- QIC:		
Movement during the year:		
Opening balance	31 714 458	31 076 084
Net withdrawals	(3 226 794)	(1 743 662)
Net change in fair value of unit trusts	2 000 286	2 382 036
Closing balance	30 487 950	31 714 458
Comprised of the following asset classes:		
Defensive assets		
Cash	7 854 382	7 481 652
Fixed interest	4 811 272	5 944 533
Growth assets		
Equities	3 821 700	3 500 091
Diversified alternatives	5 534 400	6 961 071
Unlisted assets		
Infrastructure	3 018 799	2 891 681
Private equities	2 577 068	2 459 109
Real estate	2 870 329	2 476 321
	30 487 950	31 714 458

17 Financial risk management

The Long Term Assets are invested in unlisted unit trusts held with QIC. The trusts hold investments in a variety of financial instruments including derivatives, which expose these assets to credit risk, liquidity risk and market risk. Market risk arises due to changes in interest rates, foreign exchange rates, property prices and equity prices. However as these investments are long term in nature, market fluctuations are expected to even out over the term of the investment.

The Long Term Asset Advisory Board (LTAAB) determines the investment objectives, risk profiles and strategy for the Long Term Assets within the framework provided by the Government. It is responsible for formulating a strategic asset allocation to achieve the objectives of the investments in line with the required risk profile. Risk management policies are established to identify and analyse risks as well as to set appropriate risk limits and controls. Risks are monitored in adherence with these limits.

QIC provides assistance to LTAAB in discharging its responsibilities. QIC’s role includes recommending to LTAAB, investment product objectives, risk profiles and strategic asset allocations to achieve objectives within the targets and risk controls set. As the lead investment manager, QIC is responsible for implementing the investment strategy. In addition, independent oversight of the investment advice and services provided by QIC, including periodic strategic reviews of QIC’s activities and performance, is provided by an external consultant.

LTAAB is responsible for setting the interest rate applicable on the fixed rate note liability of QTC, which was set at 7.0 per cent from 1 July 2015 and retained for 2017-18, based on the expected long term average rate of return on the portfolio.

(a) Liquidity risk

No external cash flows are generated by QTC from the Long Term Assets. Deposits and withdrawals from the fixed rate notes result in a corresponding change to the value of the investment held. As such daily movements in these cash flows do not expose QTC to liquidity risk. Interest on the fixed rate notes and distributions and fees on the Long Term Assets are capitalised.

(b) Credit risk

QIC is responsible for implementing the investment strategy for the Long Term Assets. The investment strategy targets a widely diversified portfolio across a broad range of asset classes, helping to minimise credit risk.

(c) Market risk

Long Term Assets expose QTC to market risk, including interest rate risk, foreign currency risk, property price risk and equity price risk, resulting from its investments in unit trusts and the underlying movement in the net asset value through these trusts. While the portfolio does not have direct exposure to interest rate, foreign currency and credit risk, the unit price of the fund in which the assets are invested will change in response to the market’s perception of changes in these underlying risks.

Market risk is mitigated through a diversified portfolio of investments in unit trusts held with QIC in accordance with the investment strategy approved by LTAAB (refer note 16). The investment strategy targets a widely diversified portfolio across a broad range of asset classes.

QIC adheres to prudential controls contained in the Investment Management Agreement. Under this agreement, derivative products are not permitted to be used for speculative purposes but are used as hedging instruments against existing positions or for efficient trading and asset allocation purposes to assist in achieving the overall investment returns and volatility objectives of the portfolio.

A sensitivity analysis for the key types of market risk that apply to the investments of the funds has been undertaken by QIC. QIC has provided a range of reasonably possible changes in key risk variables including the ASX 200, the MSCI World ex Australia Equities Index, the RBA official cash rate, the Bank of England official cash rate and real estate capitalisation rates.

The foreign currency exposure of QTC’s total investment portfolio is 100% hedged. For this reason sensitivity to foreign exchange rate movements has not been calculated at the asset class level.

Based on these changes to key risk variables and applying a range of valuation methodologies, a reasonably possible change in profit and equity on applicable investments held at 30 June is as follows:

	2018 CHANGE		2018 PROFIT/EQUITY		2017 CHANGE		2017 PROFIT/EQUITY	
	Low %	High %	Decrease \$000	Increase \$000	Low %	High %	Decrease \$000	Increase \$000
Cash and fixed interest ⁽¹⁾	-1%	1%	(60 850)	60 850	-1%	1%	(62 930)	62 930
Equities	-10%	10%	(382 624)	382 624	-10%	10%	(350 327)	350 327
Diversified alternatives ⁽²⁾	-10%	10%	(554 231)	554 231	-9%	9%	(625 078)	625 078
Infrastructure	-10%	10%	(301 882)	301 882	-10%	10%	(289 146)	289 146
Private equities	-10%	10%	(257 826)	257 826	-10%	10%	(246 085)	246 085
Real estate	-8%	9%	(234 206)	248 164	-8%	8%	(190 367)	199 315
			(1 791 619)	1 805 577			(1 763 933)	1 772 881

⁽¹⁾ Cash and fixed interest includes exposure to interest rate and inflation overlays on hedging instruments.

⁽²⁾ Diversified alternatives include exposure to both price and interest rate risk.

██████████

18 Fair value hierarchy

Financial instruments have been classified in accordance with the hierarchy described in *AASB 13 Fair Value Measurement*, as per note 13.

AS AT 30 JUNE 2018	OBSERVABLE INPUTS LEVEL 2 \$000	UNOBSERVABLE INPUTS LEVEL 3 \$000	TOTAL \$000
Financial assets			
Cash	7 854 382	—	7 854 382
Fixed interest	4 811 272	—	4 811 272
Equities	3 821 700	—	3 821 700
Diversified alternatives	—	5 534 400	5 534 400
Infrastructure	—	3 018 799	3 018 799
Private equities	—	2 577 068	2 577 068
Real estate	—	2 870 329	2 870 329
Total financial assets	16 487 354	14 000 596	30 487 950
Financial liabilities			
Fixed rate note	—	29 766 334	29 766 334
Total financial liabilities	—	29 766 334	29 766 334
AS AT 30 JUNE 2017			
Financial assets			
Cash	7 481 652	—	7 481 652
Fixed interest	5 944 533	—	5 944 533
Equities	3 500 091	—	3 500 091
Diversified alternatives	—	6 961 071	6 961 071
Infrastructure	—	2 891 681	2 891 681
Private equities	—	2 459 109	2 459 109
Real estate	—	2 476 321	2 476 321
Total financial assets	16 926 276	14 788 182	31 714 458
Financial liabilities			
Fixed rate note	—	30 799 145	30 799 145
Total financial liabilities	—	30 799 145	30 799 145

Investments in unit trusts are valued by QIC using fair value methodologies adjusted for fees outstanding. QIC reports the net asset value based on the unit price at measurement date.

The Board considers that the carry amount of the financial liabilities recorded at amortised cost in the financial statements approximates their fair value.

18 Fair value hierarchy continued

(a) Level 3 financial assets and liabilities - valuation techniques utilising significant unobservable inputs

Valuations of investments in unit trusts that are Level 3 in the fair value hierarchy are based on the prices of the assets underlying these unit trusts. Investments in unlisted externally managed investment schemes are valued by QIC on the basis of the latest available net asset value advised by the fund manager. Where the fund invests in illiquid assets, the investments are priced by independent valuers as there is no readily observable market price.

In some instances, the prices advised by QIC are based on unaudited valuation statements provided by the external managers of underlying investments that relate to a date prior to 30 June 2018. QIC continues to monitor and provide updated advice to QTC on the potential impact on the value of these investments arising from the subsequent receipt of updated valuations from external managers and audited financial statements.

Whilst QTC utilises the unit price of investments provided by QIC at the relevant reporting date to report the fair value of the investments, the table below shows the valuation techniques used to calculate the unit price for the Level 3 fair values and the significant unobservable inputs used.

ASSET CLASS	VALUATION TECHNIQUE	UNOBSERVABLE INPUTS
Diversified alternatives	Based on valuations provided by an independent external valuer or external manager in accordance with relevant industry standards	The valuation model considers the future net cash flows expected to be generated from the asset and are discounted using a risk adjusted discount rate
Infrastructure	Based on valuations provided by an independent external valuer or external manager in accordance with industry standards	The valuation model considers the future net cash flows expected to be generated from the asset and are discounted using a risk adjusted discount rate
Private equities	Based on valuations provided by an independent external valuer or external manager in accordance with International Private Equity and Venture Capital Valuation Guidelines	The valuation model considers the future net cash flows expected to be generated from the asset and are discounted using a risk adjusted discount rate
Real estate	Based on valuations provided by an independent external valuer or external manager in accordance with Australian Property Institute’s valuation and Property Standards	The valuation model considers the future net cash flows expected to be generated from the asset and are discounted using a risk adjusted discount rate
Fixed Rate Note	Amortised cost	The valuation model considers the future net cash flows expected and are discounted using a risk adjusted discount rate

(b) Reconciliation of level 3 fair value movements

The table below shows the breakdown of gains and losses in respect of Level 3 fair values for the period ended 30 June 2018.

ASSET CLASS	OPENING BALANCE \$000	DISTRIBUTIONS ⁽¹⁾ \$000	UNREALISED MARKET MOVEMENTS ⁽¹⁾ \$000	SETTLEMENTS ⁽¹⁾ \$000	CLOSING BALANCE \$000
Diversified alternatives	6 961 071	(1 485 704)	196 360	(137 327)	5 534 400
Infrastructure	2 891 681	(88 612)	328 042	(112 312)	3 018 799
Private equities	2 459 109	(376 347)	545 209	(50 903)	2 577 068
Real estate	2 476 321	(81 846)	317 875	157 979	2 870 329
Fixed rate note	30 799 145	—	—	(1 032 811)	29 766 334

⁽¹⁾ Data in the above table is based on movements in the unit trusts that hold the assets.

(c) Level 3 – Sensitivity Analysis

Note 17 provides the impact to a change in market prices in respect of the asset classes categorised as Level 3.

19 Contingent liabilities

The following contingent liabilities existed at balance date:

- QTC has provided guarantees to the value of \$2.09 billion (2017: \$790 million) to support the commercial activities of various Queensland public sector entities. In each case, a counter indemnity has been obtained by QTC from the appropriate public sector entity.
- QTC can lend stock to support the liquidity of QTC bonds in the financial markets. At 30 June 2018 \$7 million (2017: nil) of QTC inscribed stock was lent to other financial institutions.

20 Related party transactions

QTC’s related parties are those that it controls, is controlled by, under common control or can exert significant influence over. It includes members of QTC’s key management personnel and their related parties.

(a) Ultimate controlling entity

The immediate controlling entity and ultimate controlling entity is the Under Treasurer of Queensland as the Corporation Sole of QTC. No remuneration is payable by QTC to the Under Treasurer in relation to this role.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 21.

(c) Investments in companies

Details of investments in associates and other companies are set out in note 23.

(d) Transactions with related parties

Transactions undertaken with related parties during the year include:

- loans and associated interest and fees received from public sector entities (refer note 3 and note 10)
- investment of cash surpluses, interest paid and fees received (refer note 3 and note 11)
- advisory services to other state government agencies, and
- dividends paid to Queensland Treasury (refer note 24)

The above transactions were in the normal course of business and on commercial terms and conditions. These exclude certain advisory and other services provided to Queensland Treasury, its associated companies and other related parties. However, with respect to advisory services, QTC may seek reimbursement of some costs from time to time particularly where these relate to external charges.

QTC may from time to time indirectly hold a small amount of investments in QTC Bonds via its investments in unit trusts managed by QIC. QTC does not have direct legal ownership of these assets and therefore no adjustment has been made in the financial statements. QTC through the Long Term Assets has paid \$98.6 million in management fees to QIC (2017: \$91.6 million).

The nature and amount of any individually significant transactions with principal related parties are disclosed below.

- QTC sometimes acts as an agent to government entities in the procurement of advice from consultants. In these situations, QTC does not bear any significant risks or benefits associated with the advice and is reimbursed for the costs of the consultant by the government entity. The funds received as reimbursement offset consultant costs in the financial statements providing a nil net effect. The amount of costs reimbursed to QTC during the financial year totalled \$4.5 million (2017: \$19.5 million).
- QTC has a shareholding in Queensland Treasury Holdings Pty Ltd and its associated entities (QTH group). The QTH group hold deposits (refer note 11) and loans (refer note 10) with QTC that are provided on an arm’s length basis and are subject to QTC’s normal terms and conditions. QTC also provides company secretariat services to the QTH group on a cost recovery basis.

(e) Agency arrangements

QTC undertakes the following agency arrangements on behalf of its clients.

- QTC provides services on behalf of Queensland Treasury under a GOC Cash Management facility. QTC is not exposed to the risks and benefits of this facility and therefore does not recognise these deposits on its balance sheet. QTC charges a fee for this service. The balance of deposits under this facility at year end was \$2,284.3 million (2017: \$1,345.1 million).
- QTC may enter into derivative transactions from time to time on behalf of its clients. These arrangements have back to back contracts between QTC and the client and QTC and the market. In this way QTC is not exposed to the risks and benefits of these contracts and does not recognise these on-balance sheet. The notional value of these derivative arrangements at year end was \$60.6 million (2017: \$200.4 million).

21 Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of QTC, being members of the Board and the Executive Management Team.

(a) QTC’s Boards

QTC has delegated its powers to its two boards, the Capital Markets Board and the Long Term Asset Advisory Board. Both boards are appointed by the Governor-in-Council, pursuant to section 10(2) of the *Queensland Treasury Corporation Act 1988*.

(b) Executive management

The Executive Management Team set the strategic direction and control of the major activities of the organisation.

(c) Remuneration principles

Capital Markets Board - Directors

The process for reviewing Board remuneration requires any increase in the Board’s remuneration to be approved by the Treasurer and endorsed by Cabinet. Remuneration was last increased effective 1 July 2012.

Long Term Asset Advisory Board - Directors

No remuneration is payable by QTC to the directors of the Long Term Asset Advisory Board.

Executives and employees

QTC employees (including executive management) are employed on individual contracts and are appointed pursuant to the Queensland Treasury Corporation Act 1988. As the majority of QTC’s employees are sourced from the financial markets in which it operates, it is crucial that QTC’s employment practices are competitive with these markets. The remuneration framework comprises both fixed and variable remuneration (in the form of an annual short-term incentive (STI) opportunity) which are approved by the QTC Board annually. Both components are market-competitive and linked to performance.

Remuneration governance

The Human Resources Committee of the Board is responsible for governance of remuneration practices and arrangements, with the Board maintaining absolute responsibility and decision making for remuneration matters. QTC receives annual industry benchmarking data from the Financial Institutions Remuneration Group (FIRG), which captures remuneration data from organisations within the financial services industry. QTC utilises a subset of the data mapped to relevant organisations within the FIRG membership. Analysis and advice is obtained from external consultants to ensure that we continue to align QTC roles to the market.

Fixed remuneration

The fixed remuneration of each QTC employee is reviewed in July each year and is benchmarked against the FIRG remuneration data. Fixed remuneration levels are set around the FIRG market median position of a relevant sub-set of the FIRG database, and role scope, experience, skills and performance are considered when determining the remuneration level of each employee.

Variable remuneration - short-term incentives

QTC’s variable remuneration framework provides an annual short-term incentive opportunity for eligible employees, aligned to financial year performance.

This opportunity is designed to differentiate and reward outstanding organisational, group and individual performance, and to align performance at these levels with incentive outcomes. It also aims to ensure market competitiveness, with ‘target’ STI outcomes aligned to the conservative market position of the FIRG (ie. the median incentive potential for FIRG members within QTC’s peer group) and approved at Board level each year. For the 2017-18 year, STI payments were made to eligible staff in August 2018.

Variable remuneration - executive management

For the 2017-18 year, where executive management performed strongly against corporate and individual KPIs, they were eligible to receive a short-term incentive payment based on a percentage of their total fixed remuneration. Short term incentives are at risk with no payment made for underperformance and additional premiums of up to 50% of the target paid for above expected performance.

The outcomes for executive management are aligned to achievements measured against both corporate and individual KPIs. For 2017-18, short-term incentive ‘targets’ for executive management ranged between 40% and 60% of their total fixed remuneration. The proportion of each executive’s short-term incentive ‘target’ opportunity is then weighed 40% on individual performance and 60% on the achievement of targets set out in QTC’s Strategic Plan 2017-21 and Corporate Plan 2017-18.

QTC’s overall performance for 2017-18, documented in the annual performance assessment that is reviewed and approved by QTC’s Board, was considered to be very strong across QTC’s whole-of-State, client, funding and operational activities. Based on the corporate performance assessed as exceeding expectations, the short-term incentives paid to the executive management broadly ranged between 53% and 80% of their total fixed remuneration.

21 Key management personnel continued

(d) Remuneration by category

	2018 \$	2017 \$
Capital Markets Operations		
Directors		
Short-term employment benefits ⁽¹⁾	329 867	314 057
Post-employment benefits ⁽⁴⁾	19 366	26 723
Total	349 233	340 780
Executive management		
Short-term employment benefits ⁽²⁾	3 868 859	3 717 213
Long-term employment benefits ⁽³⁾	67 709	63 495
Post-employment benefits ⁽⁴⁾	115 403	116 254
Total	4 051 971	3 896 962

- ⁽¹⁾ Directors' short-term benefits include board member and committee fees, and in relation to the Chairman, also includes the provision of a car park.
- ⁽²⁾ Executive management personnel's short-term benefits include wages, annual leave taken, short-term incentives and non-monetary benefits such as car parks and motor vehicle benefits (where applicable).
- ⁽³⁾ Long-term employment benefits relate to long-service leave.
- ⁽⁴⁾ Post-employment benefits include superannuation contributions made by the Corporation.

(i) Directors

Details of the nature and amount of each major element of the remuneration are as follows:

	SHORT-TERM EMPLOYMENT BENEFITS		POST-EMPLOYMENT BENEFITS		TOTAL	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Gerard Bradley- Chairman ⁽¹⁾	128 748	124 266	—	10 529	128 748	134 795
Warwick Agnew ⁽²⁾	—	—	—	—	—	—
Tonianne Dwyer	40 210	40 210	3 820	3 820	44 030	44 030
Anne Parkin	43 856	42 467	4 166	4 166	48 022	46 633
Bill Shields ⁽³⁾	—	20 716	—	—	—	20 716
Karen Smith-Pomeroy	38 077	43 856	3 877	4 166	41 954	48 022
Stephen Roberts ⁽⁴⁾	38 776	2 332	3 683	222	42 459	2 554
Jim Stening	40 210	40 210	3 820	3 820	44 030	44 030
Total	329 877	314 057	19 366	26 723	349 243	340 780

- ⁽¹⁾ Increase in short-term benefits relates to change in the valuation of car parking arrangements
- ⁽²⁾ No remuneration is payable to the Queensland Treasury representative
- ⁽³⁾ Resigned 31 December 2016
- ⁽⁴⁾ Resigned 1 June 2018

21 Key management personnel continued

(d) Remuneration by category continued

(ii) Executive management

Details of the nature and amount of each major element of the remuneration of the executive management personnel are as follows:

	SHORT-TERM EMPLOYMENT BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	TOTAL
	BASE	SHORT-TERM INCENTIVE	NON-MONETARY			
30 JUNE 2018	\$	\$	\$	\$	\$	\$
Chief Executive	699 060	469 239	15 855	19 986	21 971	1 226 111
Deputy Chief Executive and Managing Director, Funding and Markets	535 046	461 700	14 661	20 049	14 219	1 045 675
Managing Director, Client Advisory	348 378	224 775	12 056	19 587	10 643	615 439
Managing Director, Risk and Financial Operations	348 474	208 125	14 240	20 033	10 141	601 013
Managing Director, Corporate Services	317 419	170 000	29 831	35 748	10 735	563 733
Total	2 248 377	1 533 839	86 643	115 403	67 709	4 051 971

	SHORT-TERM EMPLOYMENT BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	TOTAL
	BASE	SHORT-TERM INCENTIVE	NON-MONETARY			
30 JUNE 2017	\$	\$	\$	\$	\$	\$
Chief Executive	678 587	464 668	14 861	19 548	18 019	1 195 683
Deputy Chief Executive and Managing Director, Funding and Markets	527 788	437 250	10 182	19 548	14 239	1 009 007
Managing Director, Client Advisory	328 661	208 688	10 829	19 548	11 150	578 876
Managing Director, Risk and Financial Operations	329 251	211 689	10 039	19 548	9 251	579 778
Managing Director, Corporate Services	290 509	169 600	24 611	38 062	10 836	533 618
Total	2 154 796	1 491 895	70 522	116 254	63 495	3 896 962

(e) Other transactions

QTC’s Capital Markets Board members’ directorships are disclosed in the corporate governance section of the Annual Report. No remuneration is paid or payable by QTC to the Under Treasurer as QTC’s Corporation Sole.

There were no transactions between QTC and entities controlled by key management personnel or loans to/from key management personnel during the financial year.

22 Auditor’s remuneration

The external auditor (Auditor-General of Queensland) does not provide any consulting services to QTC. Details of amounts paid or payable to the auditor of QTC (GST exclusive) are shown below:

	2018	2017
	\$	\$
Audit services		
Audit and review of QTC financial statements	379 250	400 000

23 Investments in companies

Investments in the following companies are held at cost:

NAME	PRINCIPAL ACTIVITIES
Queensland Treasury Holdings Pty Ltd (QTH)	Holding company for a number of subsidiaries and strategic investments held on behalf of the State of Queensland
Queensland Lottery Corporation Pty Ltd	Holds the Golden Casket lottery licence and trade marks
DBCT Holdings Pty Ltd	Holds the bulk coal terminal tenure and facilities at Dalrymple Bay near Mackay, which it has leased under a long term lease arrangement
Queensland Airport Holdings (Mackay) Pty Ltd	Owns the Mackay airport land and infrastructure which it has leased under a 99 year lease arrangement
Queensland Airport Holdings (Cairns) Pty Ltd	Owns the Cairns airport land and infrastructure which it has leased under a 99 year lease arrangement
Brisbane Port Holdings Pty Ltd	Owns the Port of Brisbane tenure and infrastructure which it has leased under a 99 year lease arrangement

QTH is incorporated and domiciled in Brisbane, Australia. QTH holds a 100 per cent beneficial interest in the companies listed above. QTC does not apply the equity method to its investment in QTH (refer note 2 (o) Judgments and assumptions).

24 Dividends

Each year the Board determines the appropriate level of dividends to be declared taking into consideration the financial situation of the Corporation. In the current year, the Board has not provided for a dividend. In the prior financial year a dividend of \$500 million was provided for and paid.

25 Events subsequent to balance date

On 2 July 2018, Brisbane City Council (BCC) exercised an option to purchase their buses and ferries in accordance with the lease agreements with QTC. As part of the transaction, the buses were refinanced by BCC with a third party, while the City Cats were purchased outright. On the day of the transaction QTC received \$59.1 million from BCC to payout the leases, resulting in a \$0.3 million gain.

There are no other matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of QTC, the results of those operations or the state of affairs of QTC in future years.

Certificate of the Queensland Treasury Corporation

The foregoing general purpose financial statements have been prepared in accordance with the *Financial Accountability Act 2009* and other prescribed requirements.

The Directors draw attention to note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

We certify that in our opinion:

- (i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects, and
- (ii) the foregoing annual financial statements have been drawn up so as to present a true and fair view of Queensland Treasury Corporation’s assets and liabilities, financial position and financial performance for the year ended 30 June 2018. The financial statements are authorised for issue on the date of signing this certificate which is signed in accordance with a resolution of the Capital Markets Board.



G P BRADLEY
Chairman



P C NOBLE
Chief Executive

Brisbane
28 August 2018

Independent Auditor’s report



INDEPENDENT AUDITOR’S REPORT

To the Capital Markets Board of Queensland Treasury Corporation

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Treasury Corporation.

In my opinion, the financial report:

- a) gives a true and fair view of the entity’s financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards
- c) also complies with International Financial Reporting Standards as disclosed in Note 2(a).

The financial report comprises the balance sheet as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate given by the Chairman and Chief Executive.

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 entity 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 matter

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. These matters were addressed in the context of the audit of the financial report as whole, and in forming the auditor’s opinion thereon, and I do not provide a separate opinion on these matters.

Valuation, presentation and disclosure of investment in Long Term Assets (\$30 billion as at 30 June 2018)

(Refer Notes 16, 17 and 18)

Key audit matter

Long term assets (LTA) are invested in unlisted unit trusts ('the trusts') managed by Queensland Investment Corporation (QIC). The trusts in turn invest in various asset classes, some of which are illiquid in nature ('underlying investments').

Significant judgement is required to determine whether the unaudited valuations advised by QIC are materially consistent with the fair value as at 30 June 2018, or if an adjustment is required.

The fair value of these underlying investments is based on the hard-close unit prices as at 30 June 2018 as advised by QIC to QTC on 24 August 2018.

In some instances, the prices advised by QIC are based on unaudited valuation statements provided by the external managers of the underlying investments that relate to a date prior to 30 June 2018. QIC continues to monitor and provides updated advice to QTC on the potential impact on the value of these investments arising from the subsequent receipt of updated valuations from external managers and audited financial statements.

Additionally, there is a high level of subjectivity in classifying the investments in the appropriate level within the fair value hierarchy for the following reasons:

- a. some of the underlying assets are considered illiquid in nature (i.e., these are not readily convertible to cash)
- b. LTA is the sole investor in some of the trusts, and as a result there are restrictions that may be imposed by QIC on LTA to liquidate the investments.

How my audit addressed this key audit matter

My procedures included but were not limited to:

- Reviewing the audited assurance report on controls over investment management services for the period 1 July 2017 to 30 June 2018 to obtain confirmation that the controls at QIC are appropriately designed and implemented, and operating effectively.
- Reviewing the management representation letter provided by QIC confirming the following processes were performed by QIC:
 - checks performed over pricing of the underlying assets at 30 June 2018 and
 - checks performed post balance date on prices for highly illiquid investments.
- Confirming the value of the investments reported at 30 June 2018 by:
 - Agreeing the reported value in QIC's confirmation to the financial statements
 - Obtaining a confirmation from QIC on any changes to the value initially reported and assessing the impact of changes in value to the financial statements. Where the change in prices is materially different to the prices initially determined at 30 June 2018, we request management to recognise the change in the prices to reflect the correct valuation.
- Obtaining an understanding of the underlying investments in the trusts and the pricing mechanism adopted by QIC. This in turn determines the appropriate fair value hierarchy disclosure in the financial statements of QTC under AASB13 *Fair Value Measurement*.

- Reviewing the fair value hierarchy disclosure in note 18 to ensure the classification is in accordance with my understanding of the underlying investment and pricing mechanism, and in accordance with AASB13 *Fair Value Measurement*.

Other information

Other information comprises the information included in the entity’s annual report for the year ended 30 June 2018, 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 entity for the financial report

The Board 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 Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity’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 entity 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity'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 entity'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 entity 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.

I communicate with the Board 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 Board, 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 2018.

- 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.

28 August 2018



Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane

Appendices

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QTC is required to make various disclosures in its Annual Report. QTC is also required to make various disclosures on the Queensland Government’s Open Data website (qld.gov.au/data) in lieu of inclusion in its Annual Report. This Appendix sets out those mandatory disclosure statements that are not included elsewhere in the report or made available on the Open Data website.

Information systems and record keeping

During the year, QTC continued its compliance with the provisions of the *Public Records Act 2002*, and its implementation of the *Information Standard 40: Recordkeeping and Information Standard 31: Retention and Disposal of Public Records*.

QTC has continued its work with State Archives on the development of a QTC-specific Local Retention and Disposal Schedule, and provides training to staff in the appropriate management of public records in all formats, including email.

During the year, QTC continued to enhance its electronic document management system for improved information management and storage cost reduction.

Public Sector Ethics Act

QTC provides the following information pursuant to obligations under section 23 of the *Public Sector Ethics Act 1994 (Qld)* to report on action taken to comply with certain sections of the Act.

QTC employees are required to comply with QTC’s Code of Conduct for employees, which aligns with the ethics principles and values in the *Public Sector Ethics Act 1994 (Qld)*, as well as the Code of Conduct established by the Australian Financial Markets Association of which QTC is a member. Both codes are available to employees via QTC’s intranet. A copy of QTC’s Code of Conduct can be inspected by contacting QTC’s Human Resources Group (see Appendix E for contact details). Appropriate education and training about the Code of Conduct has been provided to QTC staff.

QTC’s human resource management and corporate governance policies and practices ensure that QTC:

- acts ethically with regard to its Code of Conduct and within appropriate law, policy and convention, and
- addresses the systems and processes necessary for the proper direction and management of its business and affairs.

QTC is committed to:

- observing high standards of integrity and fair-dealing in the conduct of its business, and
- acting with due care, diligence and skill.

QTC’s Compliance Policy requires that QTC and all employees comply with the letter and the spirit of all relevant laws and regulations, industry standards, and relevant government policies, as well as QTC’s own policies and procedures.

Remuneration: Board and Committee

For the year ending 30 June 2018, the remuneration and committee fees of the QTC Capital Market Board members (excluding superannuation contributions and non-monetary benefits) were as follows:

Board		Committee	
Chairperson	\$100,527	Chairperson	\$6,658
Member	\$ 33,551	Member	\$5,152

The total remuneration payments made to the members of the QTC Capital Market Board was \$331,330 and the total on-costs (including travel, accommodation, and hiring of motor vehicles for the members) was \$29,897.

No payments in relation to remuneration or on-costs (including travel, accommodation, and hiring of motor vehicles for the members) were made to members of the Long Term Asset Advisory Board in the year ending 30 June 2018.

Related entities

The related entities in Note 23 are not equity accounted in the financial report of the Queensland Treasury Corporation. These entities are consolidated into Queensland Treasury’s financial report.

Australian Government Guarantee (AGG): *Also known as the Commonwealth Government Guarantee.* In response to the global financial crisis, on 25 March 2009, the Australian Government provided a time-limited, voluntary guarantee over existing and new Australian state and territory government borrowing. On 16 June 2009, the Queensland Government took up the guarantee on all existing QTC AUD denominated benchmark bond lines (global and domestic) with a maturity date of between 12 months and 180 months (1-15 years). The RBA approved QTC’s application on 11 December 2009. The AGG was withdrawn for new borrowings after 31 December 2010.

Basis point: One hundredth of one per cent (0.01 per cent).

Bond: A financial instrument where the borrower agrees to pay the investor a rate of interest for a fixed period of time. A typical bond will involve regular interest payments and a return of principal at maturity.

Commonwealth Government Guarantee (CGG):
See Australian Government Guarantee above.

CP (commercial paper): A short-term money market instrument issued at a discount with the full face value repaid at maturity. CP can be issued in various currencies with a term to maturity of less than one year.

Credit rating: Measures a borrower’s creditworthiness and provides an international framework for comparing the credit quality of issuers and rated debt securities. Rating agencies allocate three kinds of ratings: issuer credit ratings, long-term debt and short-term debt. Issuer credit ratings are among the most widely watched. They measure the creditworthiness of the borrower including its capacity and willingness to meet financial obligations. QTC has a strong rating from two rating agencies—Standard & Poor’s, and Moody’s.

Fixed Income Distribution Group: A group of financial intermediaries who market and make prices in QTC’s debt instruments.

Floating rate notes (FRNs): A debt instrument which pays a variable rate of interest (coupon) at specified dates over the term of the debt, as well as repaying the principal of the maturity date. The floating rate is usually a money market reference rate, such as BBSW, plus a fixed margin. Typically the interest is paid quarterly or monthly.

GOC: Government-owned Corporation.

Green Bond: QTC Green Bonds are guaranteed by the Queensland State Government, issued under the AUD Bond Program with 144A capability and certified by the Climate Bonds Initiative. Proceeds from QTC Green Bonds are to be used to fund qualifying green projects and assets for the State of Queensland. The proceeds are allocated to specific projects that support Queensland’s transition to a low-carbon and climate resilient economy. The qualifying green projects and QTC’s Green Bond Framework have been certified by the Climate Bonds Initiative and verified by DNV GL, an approved third-party assurance provider.

Issue price: The price at which a new security is issued in the primary market.

Liquid: Markets or instruments are described as being liquid, and having depth, if there are enough buyers and sellers to absorb sudden shifts in supply and demand without price distortions.

Market value: The price at which an instrument can be purchased or sold in the current market.

MTN (Medium-Term Note): A financial debt instrument that can be structured to meet an investor’s requirements in regards to interest rate basis, currency and maturity. MTNs usually have maturities between 9 months and 30 years.

QTC: Queensland Treasury Corporation.

RBA: Reserve Bank of Australia.

T-Note (Treasury Note): A short-term money market instrument issued at a discount with the full face value repaid at maturity. T-Notes are issued in Australian dollars with a term to maturity of less than 1 year.

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
LETTER OF COMPLIANCE	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs –section 7	Page 1
ACCESSIBILITY	Table of contents	ARRs – section 9.1	Inside front cover
	Glossary		Appendix B
	Public availability	ARRs – section 9.2	Appendix D
	Interpreter service statement	Queensland Government Language Services Policy	Appendix D
		ARRs – section 9.3	
	Copyright notice	Copyright Act 1968	Back cover
		ARRs – section 9.4	
GENERAL INFORMATION	Introductory information	ARRs – section 10.1	Page 2-5
	Agency role and main functions	ARRs – section 10.2	Page 2-3
	Operating environment	ARRs – section 10.3	Pages 3-13, 16
NON-FINANCIAL PERFORMANCE	Government’s objectives for the community	ARRs – section 11.1	Pages 6-11
	Agency objectives and performance indicators	ARRs – section 11.3	Pages 4-11
FINANCIAL PERFORMANCE	Summary of financial performance	ARRs – section 12.1	Pages 4-5, Notes to Financial Statements: Pages 17-49
GOVERNANCE – MANAGEMENT AND STRUCTURE	Organisational structure	ARRs – section 13.1	Pages 12-16
	Executive management	ARRs – section 13.2	Page 4-5, 14-16
	Public Sector Ethics Act 1994	Public Sector Ethics Act 1994	Appendix A
		ARRs – section 13.4	
GOVERNANCE – RISK MANAGEMENT AND ACCOUNTABILITY	Risk management	ARRs – section 14.1	Page 10
	Audit committee	ARRs – section 14.2	Pages 12-13, 56
	Internal audit	ARRs – section 14.3	Page 16
	Information systems and recordkeeping	ARRs – section 14.5	Appendix A
GOVERNANCE – HUMAN RESOURCES	Strategic workforce planning and performance	ARRs – section 15.1	Pages 10-11
OPEN DATA	Consultancies	ARRs – section 33.1	Appendix A
	Overseas travel	ARRs – section 33.2	Appendix A
	Queensland Language Services Policy	ARRs – section 33.3	Appendix A
FINANCIAL STATEMENTS	Certification of financial statements	FAA – section 62	Page 50
		FPMS –sections 42, 43 and 50	
		ARRs – section 17.1	
	Independent Auditor’s Report	FAA – section 62	Pages 51-54
		FPMS – section 50	
		ARRs – section 17.2	

Note: This checklist excludes reference to any requirements that do not apply to QTC for the current reporting period. FAA: Financial Accountability Act 2009; FPMS: Financial and Performance Management Standard 2009; ARR: Annual report requirements for Queensland Government agencies

Appendix D – Contacts

Queensland Treasury Corporation

Level 31, 111 Eagle Street
Brisbane Queensland Australia

GPO Box 1096
Brisbane Queensland
Australia 4001

Telephone: +61 7 3842 4600
Email: enquiry@qtc.com.au
Internet: www.qtc.com.au

Queensland Treasury Corporation’s annual reports (ISSN 1837-1256 print; ISSN 1837-1264 online) are available on QTC’s website at www.qtc.com.au/about-qtc/annual-reports.

If you would like a copy of a report posted to you, please call QTC’s reception on +61 7 3842 4600.

If you would like to comment on a report, please complete the online enquiry form located on our website.

Queensland Treasury Corporation (Reception)	<u>Telephone</u>
Stock Registry (Link Market Services Ltd)	+61 7 3842 4600
	1800 777 166



QTC is committed to providing accessible services to Queensland residents from culturally and linguistically diverse backgrounds. If you have difficulty understanding this report, please contact QTC’s reception on +61 7 3842 4600 and we will arrange for an interpreter to assist you.

Dealer panels as at 30 June 2018

Note: actual dealer entities may vary depending on the facility and location of the dealer.

DOMESTIC AND GLOBAL AUD BOND FACILITY DISTRIBUTION GROUP	TELEPHONE	PANEL MEMBERS	TELEPHONE
Australia and New Zealand Banking Group Ltd		QTC Treasury Note Facility Dealer Panel	
Domestic (Australia)	+61 2 8037 0220	Australia and New Zealand Banking Group Ltd	+61 2 8037 0360
Global (London)	+44 203 229 2070	Commonwealth Bank of Australia Ltd (Sydney)	+61 2 9117 0020
Bank of America Merrill Lynch		Deutsche Bank AG (Sydney)	+61 2 8258 2288
Domestic (Australia)	+61 2 9226 5570	National Australia Bank Ltd (Sydney)	+61 2 9295 1133
Global (London)	+44 207 995 6750	Westpac Banking Corporation Ltd (Sydney)	+61 2 8204 2744
Citigroup Global Markets Australia Ltd		US Commercial Paper Facility Dealer Panel	
Domestic (Australia)	+61 2 8225 6440	Bank of America Merrill Lynch	+1 646 855 6333
Global (London)	+44 207 986 9521	Citigroup Global Markets Inc (New York)	+1 212 723 6252
Commonwealth Bank of Australia		UBS Securities	+1 203 719 7014
Domestic (Australia)	+61 2 9117 0020	Multicurrency Euro Commercial Paper Facility Dealer Panel	
Global (London)	+44 207 329 6444	Bank of America Merrill Lynch	+44 207 996 8904
Deutsche Capital Markets Australia¹		Barclays Bank Plc (Hong Kong)	+852 2903 3201
Domestic (Australia)	+61 2 8258 1444	Citigroup International Plc (London) ³	+44 207 986 9070
Global (London)	+44 207 547 1931	UBS Ltd (Hong Kong)	+852 2971 6455
JP Morgan		Multicurrency Euro Medium-Term Note Facility Dealer Panel⁴	
Domestic (Australia)	+61 2 9003 7988	<i>Includes all Domestic and Global AUD</i>	
Global (London)	+44 207 742 1829	<i>Bond Facility Distribution Group</i>	
National Australia Bank Ltd		Multicurrency US Medium-Term Note Facility Dealer Panel	
Domestic (Australia)	+61 2 9295 1166	Australia and New Zealand	+1 212 801 9160
Global (London)	+44 207 796 4761	Banking Group Limited	
Nomura International Plc		Bank of America Merrill Lynch	+1 646 855 8032
Domestic (Australia)	+61 2 8062 8000	Citigroup (New York)	+1 212 723 6171
Global (London)	+44 207 103 6631	Commonwealth Bank of Australia	+44 207 329 6444
RBC Capital Markets		Daiwa Capital Markets Europe Limited	+61 3 9916 1313
Domestic (Australia)	+61 2 9033 3222	Deutsche Bank Securities Inc (New York) ³	+1 212 250 6801
Global (London)	+44 207 029 0094	JP Morgan	+1 212 834 4533
UBS Investment Bank²		National Australia Bank (New York)	+1 212 916 9677
Domestic (Australia)	+61 2 9324 2222	RBC Capital Markets (New York)	+1 212 858 833
Global (London)	+44 207 567 3645	TD Securities	+1 212 827 7199
TD Securities		UBS Investment Bank	+1 203 719 1830
Domestic (Australia)	+61 1800 646 497		
Global (London)	+44 207 628 4334		
Westpac Banking Corporation			
Domestic (Australia)	+61 2 8204 2711		
Global (London)	+44 207 7621 7620		

Issuing and paying agents

	<u>CONTACT</u>	<u>TELEPHONE</u>	<u>FACSIMILE</u>	<u>EMAIL</u>
AUD Treasury Notes Austraclear Services Ltd Sydney	Help Desk	1300 362 257	+61 2 9256 0456	cad@asx.com.au
AUD Domestic Bonds Link Market Services Ltd	Markings/Transfers	+61 2 8571 6488	+61 2 9287 0315	qtcops@linkmarketservices.com.au
AUD Global Bonds Deutsche Bank Trust Company Americas	Client Services	+1 904 645 1216	+1 615 866 3887	dwac.processing@db.com
Euro Commercial Paper Deutsche Bank AG, London	Client Services	+44 207 545 8000	+44 207 547 6149	tss-gds.row@db.com
US Commercial Paper Deutsche Bank Trust Company Americas	Client Services	+1 866 770 0355	+1 732 578 2655	mmi.operations@db.com
Euro Medium-Term Notes Deutsche Bank AG, London	Client Services	+44 207 545 8000	+44 207 547 6149	tss-gds.row@db.com
US Medium-Term Notes Deutsche Bank Trust Company Americas	Client Services	+1 866 797 2808	+1 212 461 4450	mtn.operations@db.com

Information for institutional investors

Core to its key funding principles, QTC is committed to being open and transparent with investors and its partners in the financial markets.

Through its website, QTC provides a range of information for investors on its various funding facilities and annual borrowing program. The website also provides information and links about Australia and Queensland to help investors gain a better understanding of:

- the different levels of government in Australia
- the forms of fiscal support the Australian Government provides to the states and territories
- relevant governance practices, legislation and policies
- financial data and budget information, and
- economic and trade data.

QTC also offers investors the ability to subscribe to quarterly funding updates.

Website: qtc.qld.gov.au/institutional-investors

Quarterly investor updates: Subscribe from the institutional investor section of the website

Bloomberg ticker: qtc



GPO Box 1096
Brisbane Qld Australia 4001
Telephone: +61 7 3842 4600
www.qtc.com.au

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EXHIBIT (c)(ii)

Consolidated Financial Statements of the Co-Registrant for the fiscal year ended June 30, 2018.

FORWARD-LOOKING STATEMENTS

This exhibit contains forward-looking statements. Statements that are not historical facts, including statements about the State of Queensland’s (the “State” or “Queensland”) beliefs and expectations, are forward-looking statements. These statements are based on current plans, budgets, estimates and projections and therefore you should not place undue reliance on them. The words “believe”, “may”, “will”, “should”, “estimate”, “continue”, “anticipate”, “intend”, “expect”, “forecast” and similar words are intended to identify forward-looking statements. Forward-looking statements speak only as of the date they are made, and neither the Queensland Treasury Corporation nor the State undertake any obligation to update publicly any of them in light of new information or future events.

Forward-looking statements are based on current plans, estimates and projections and, therefore, undue reliance should not be placed on them. Although the Queensland Treasury Corporation and the State believe that the beliefs and expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such beliefs and expectations will prove to have been correct. Forward-looking statements involve inherent risks and uncertainties. We caution you that actual results may differ materially from those contained in any forward-looking statements.

A number of important factors could cause actual results to differ materially from those expressed in any forward-looking statement. Factors that could cause the actual outcomes to differ materially from those expressed or implied in forward-looking statements include:

- the international and Australian economies, and in particular the rates of growth (or contraction) of the State’s major trading partners;
- the effects, both internationally and in Australia, of any subsequent economic downturn, the effect of ongoing economic, banking and sovereign debt risk, and any stalling of the protracted United States recovery;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State’s domestic consumption;
- changes in the State’s labor force participation and productivity;
- downgrades in the credit ratings of the State and Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

2017–18
REPORT ON STATE FINANCES
of the Queensland Government – 30 June 2018

**Incorporating the Outcomes Report and
the AASB 1049 Financial Statements**



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Message from the Treasurer

This Report on State Finances incorporates Queensland’s Outcomes Report and AASB 1049 Financial Statements for the General Government Sector (GGS) and Whole of Government or Total State Sector (TSS), providing a comprehensive analysis of Government’s finances for the 2017-18 financial year.

The Outcomes Report

The Outcomes Report contains financial statements that are prepared and presented in accordance with the Uniform Presentation Framework (UPF) agreed to at the 1991 Premiers’ Conference and revised in 2008 to align with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The primary objective of the UPF is to provide uniform and comparable reporting of Commonwealth, State and Territory Governments’ financial information.

Queensland’s annual Budget was prepared in accordance with the UPF. The Outcomes Report compares achieved financial results with revised forecasts contained in the 2018-19 Budget papers.

The UPF presentation is primarily structured on a sectoral basis with a focus on the General Government and Public Non-financial Corporations sectors.

The AASB 1049 Financial Statements

The AASB 1049 Financial Statements outline the operations of the Queensland Government on an accrual basis in accordance with Australian Accounting Standard AASB 1049 and other applicable standards. The statements present the Operating Statement, Balance Sheet and Cash Flows of the Queensland Total State Sector on a consolidated basis and the GGS on a partially consolidated basis.

AASB 1049 was released in October 2007. The standard aims to harmonise the Government Finance Statistics (GFS) and Accounting Standard frameworks. The GFS reporting framework, developed by the Australian Bureau of Statistics (ABS), is based on international statistical standards and allows comprehensive assessments to be made of the economic impact of government. A full set of financial statements is required for both the GGS and Total State Sector. Comparison is with the prior year, though the GGS financial statements also require analysis of variances between original budget and actuals.

Financial statements for the General Government, Public Non-financial Corporations and Public Financial Corporations sectors are disclosed in the disaggregated information note to the financial statements (Note 2).

A full list of consolidated entities is disclosed in Note 50 of the financial statements.

Where applicable, comparatives have been restated to agree with changes in presentation in the financial statements for the current reporting period and to correct timing differences and/or errors from prior periods.

Related Publications

This report complements other key publications relating to the financial performance of the Queensland Public Sector including:

- the annual Budget papers;
- Budget updates including the Mid Year Fiscal and Economic Review;
- the Treasurer’s Consolidated Fund Financial Report; and
- the annual reports of the various departments, statutory bodies, Government-owned corporations and other entities that comprise the Queensland Government.

I note the assurances of Treasury officials that both the Outcomes Report and the audited financial statements are presented on a true and fair basis and that the independent auditor’s report is unqualified.

In endorsing this report, I place on record my appreciation of the professionalism and co-operation extended to Queensland Treasury by agency personnel and of the Treasury staff involved in its preparation.

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

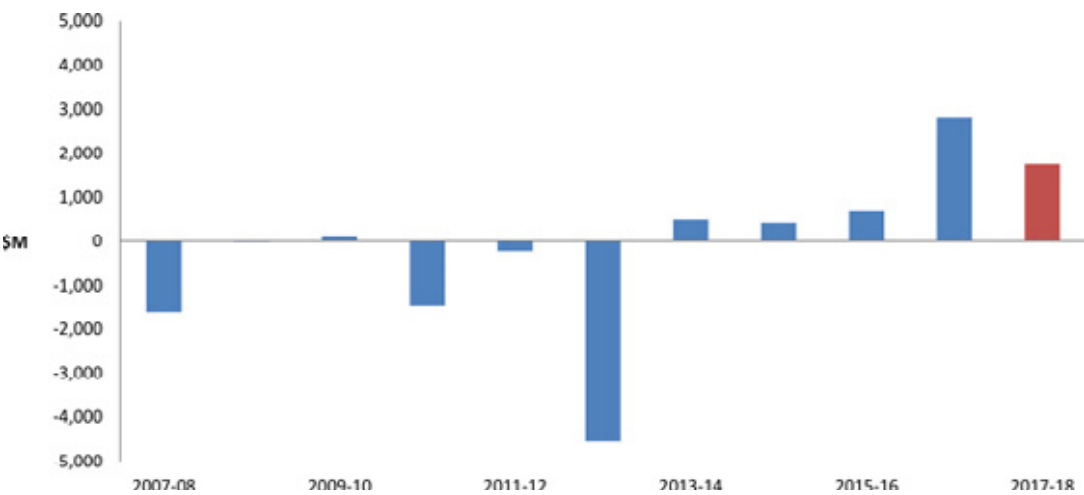


Overview

The General Government UPF net operating balance for 2017-18 was a surplus of \$1.753 billion, which is \$241 million above the 2018-19 Budget estimated actual surplus of \$1.512 billion.

The 2017-18 result is the second largest operating surplus since 2005-06.

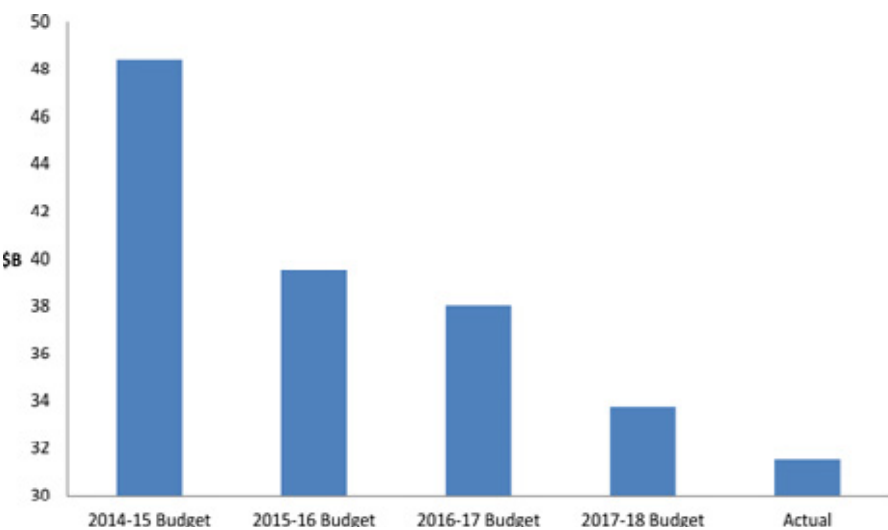
Chart 3.1: General Government Sector net operating balance 2007-08 to 2017-18.



Source: Queensland Report on State Finances AASB 1049 Statements 2007-08 to 2017-18

GGS gross borrowings at 30 June 2018 were \$31.53 billion, slightly above the estimated actual of \$31.367 billion and significantly below the 2014-15 Budget projection of \$48.421 billion, as shown in Chart 3.2.

Chart 3.2: General Government Sector borrowings for 2017-18, estimates and actual



Source: Queensland State Budgets 2014-15 to 2017-18, and 2017-18 Report on State Finances

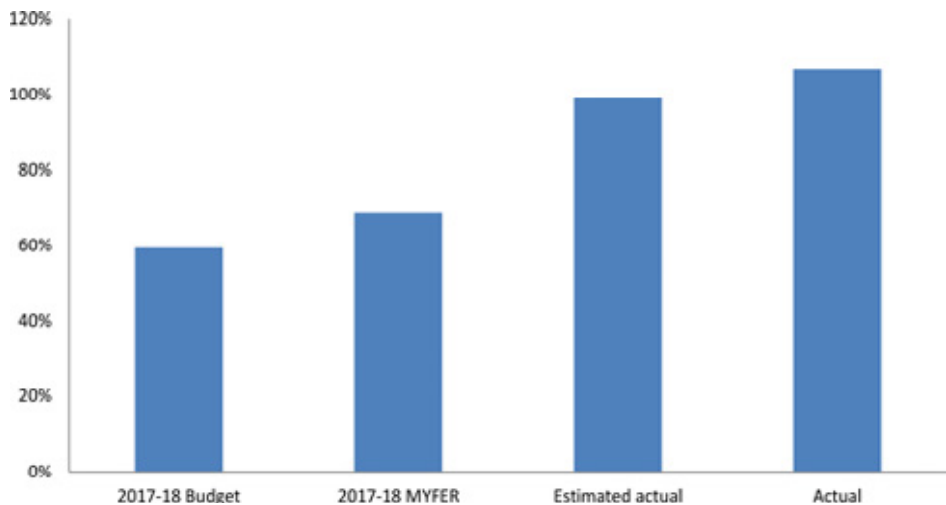
Outcomes Report - Overview and Analysis

Relative to 2016-17, the GGS gross borrowings decreased by \$1.71 billion in 2017-18, while revenue increased by \$1.893 billion. As a result, the debt to revenue ratio improved (decreased) from 59% in 2016-17 to 54% in 2017-18. The Government’s Debt Action Plan played a significant role in this improvement.

Non-financial Public Sector gross borrowings of \$69.522 billion in 2017-18 were \$12.548 billion lower than the 2014-15 Budget projection. The 2017-18 outcome was \$2.467 billion lower than the 2017-18 Budget of \$71.989 billion.

The proportion of General Government net investment in non-financial assets funded through operating cash flows in 2017-18 was 107%, compared with the estimated actual at the time of the 2018-19 Budget of 99%. The outcome represents a significant improvement on the 2017-18 Budget projection of 59% and the 2017-18 MYFER estimate of 69%.

Chart 3.3: General Government Sector operating cashflows as a proportion of net investments in non-financial assets for 2017-18, estimates and actual



Source: Queensland 2017-18 MYFER, 2017-18 State Budget, 2018-19 State Budget and 2017-18 Report on State Finances

Fiscal principles

In keeping with the requirement to regularly report progress against the principles set out in the Charter of Fiscal Responsibility, the table on page 3-03 provides an overview of these fiscal principles and progress against them for the 2017-18 financial year.

Principle 1 - Target ongoing reductions in Queensland’s relative debt burden, as measured by the General Government debt to revenue ratio

In managing GGS debt, a debt to revenue ratio is a key measure of the sustainability of a jurisdiction’s debt levels. Queensland’s debt to revenue ratio was 54% in 2017-18, in line with the estimated actual and substantially below the peak of 91% in 2012-13.

The lower level of debt provided capacity to support additional infrastructure investment in the 2018-19 Budget.

Principle 2 - Target net operating surpluses that ensure any new capital investment in the General Government Sector is funded primarily through recurrent revenues rather than borrowing

Given the importance of managing GGS debt, the Government recognises that the size of the General Government operating surplus must be large enough that recurrent revenues, rather than borrowings, are the primary funding source for capital investment in the GGS.

The proportion of General Government net investment in non-financial assets funded through operating cash flows in 2017-18 was 107%, compared to 99% estimated in the 2018-19 Budget.

Principle 3 - The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging

Actual capital purchases for 2017-18 are \$5.127 billion, \$4 million higher than anticipated in the original 2017-18 Budget. While the value of the capital program can fluctuate across individual years, the 2018-19 Budget provides for GGS capital purchases of non-financial assets to average \$6.99 billion across 2018-19 to 2021-22.

Outcomes Report - Overview and Analysis

Fiscal principles - continued

Principle 4 - Maintain competitive taxation by ensuring that General Government Sector own-source revenue remains at or below 8.5% of nominal gross state product, on average, across the forward estimates

Government has a clear role in providing an economic environment that supports business and jobs growth and does not place undue strain on households. In 2017-18, own-source revenue represented 8.6% of nominal gross state product, slightly higher than estimated in the 2018-19 Budget. Own source revenue is expected to average 8% of gross state product across the forward estimates.

Principle 5 - Target full funding of long term liabilities such as superannuation and WorkCover in accordance with actuarial advice

Consistent with the long-standing practice of successive governments, the Queensland Government is committed to ensuring that the State sets aside assets, on an actuarially determined basis, to meet long term liabilities such as superannuation and WorkCover. The latest full actuarial review of the QSuper scheme was as at 30 June 2017 and was published in a report dated 1 December 2017. The report found the scheme to be fully funded.

As at 30 June 2018, WorkCover Queensland was fully funded.

Principle 6 - Maintain a sustainable public service by ensuring that overall growth in full-time equivalents (FTE) employees, on average over the forward estimates, does not exceed population growth

The Government has committed to providing high quality and appropriate frontline services that keep pace with growth in the population, while maintaining fiscally responsible and affordable levels of expenditure.

Departmental FTEs increased by 3.64% in 2017-18, compared with estimated actual growth of 3.88% at the time of the 2018-19 Budget, with most of the growth attributable to health and education. Average FTE growth over the forward estimates is budgeted to be 1.7%, compared to estimated population growth for Queensland of 1¾%.

The fiscal principles of the Queensland Government 2017-18

Principle	Indicator	
Target ongoing reductions in Queensland’s relative debt burden, as measured by the General Government debt to revenue ratio	<i>Debt to Revenue Ratio</i>	
	Est. Actual	Outcome
	54%	54%
Target net operating surpluses that ensure any new capital investment in the General Government Sector is funded primarily through recurrent revenue rather than borrowings	<i>Net operating cash flows as a proportion of net investments in non-financial assets</i>	
	Est. Actual	Outcome
	99%	107%
The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging	<i>GGS purchases of non-financial assets</i>	
	Est. Actual	Outcome
	\$4.905 billion	\$5.127 billion
Maintain competitive taxation by ensuring that General Government Sector own-source revenue remains at or below 8.5% of nominal gross state product, on average, across the forward estimates	<i>Own-source revenue to gross state product ratio</i>	
	Est. Actual	Outcome
	8.5%	8.6%
Target full funding of long-term liabilities such as superannuation and WorkCover in accordance with actuarial advice	The latest full actuarial review of the QSuper scheme as 30 June 2017 found the scheme to be fully funded	
Maintain a sustainable public service by ensuring that overall growth in full-time equivalent employees, on average over the forward estimates, does not exceed population growth	FTE growth across forward estimates 1.7%. Average population growth across forward estimates 1¾%	

Outcomes Report - Overview and Analysis

Summary of Key UPF Financial Aggregates

Outlined in the table below are the key aggregates, by sector for 2017-18.

	General Government Sector		Public Non-financial Corporations Sector		Non-financial Public Sector	
	Est. Actual \$ million	Outcome \$ million	Est. Actual \$ million	Outcome \$ million	Est. Actual \$ million	Outcome \$ million
Revenue	58,259	58,087	13,303	13,652	66,192	66,175
Expenses	56,747	56,335	11,486	11,759	64,682	64,378
Net operating balance	1,512	1,753	1,817	1,893	1,510	1,797
Capital purchases	4,905	5,127	2,751	2,509	7,656	7,644
Fiscal balance	(604)	(586)	1,554	1,797	(869)	(647)
Borrowing	31,367	31,530	38,135	37,992	69,501	69,522

- Notes:
- Numbers may not add due to rounding
 - Non-financial Public Sector consolidates the General Government and Public Non-financial Corporations Sector and excludes inter-sector transactions and balances.

General Government Sector

General Government Revenue	2017-18 Est. Actual \$ million	2017-18 Outcome \$ million
Taxation revenue	13,284	13,244
Grants revenue	28,481	27,966
Sales of goods and services	5,861	5,884
Interest income	2,323	2,389
Dividend and income tax equivalent income	2,686	2,920
Other revenue	5,623	5,685
Total Revenue	58,259	58,087

- Note:
- Numbers may not add due to rounding
- Total GGS revenue was \$172 million lower than the 2018-19 Budget estimated actual for 2017-18. Grants revenue was \$515 million lower in the outcome due to the timing of Commonwealth grant receipts for health activity and remote housing. Offsetting this decrease were higher income tax equivalents, mainly from WorkCover, and higher other revenue from land contributions.

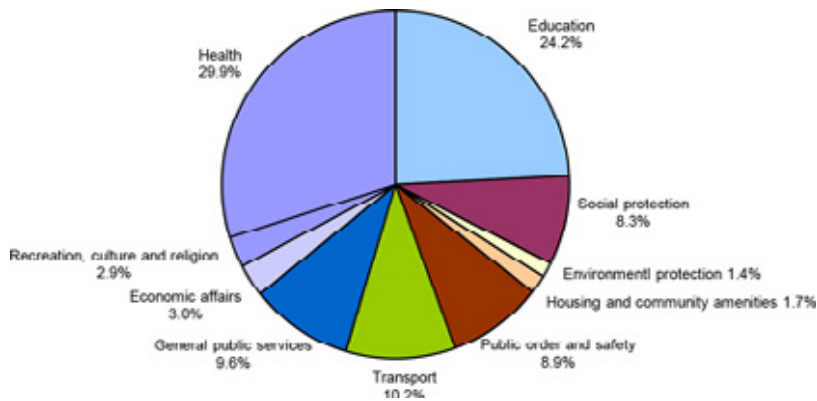
General Government Expenses	2017-18 Est. Actual \$ million	2017-18 Outcome \$ million
Employee expenses	22,838	22,678
Superannuation expenses		
Superannuation interest cost	665	667
Other superannuation expenses	2,819	2,744
Other operating expenses	17,382	17,258
Depreciation and amortisation	3,330	3,325
Other interest expenses	1,616	1,614
Grant expenses	8,096	8,048
Total Expenses	56,747	56,335

- Note:
- Numbers may not add due to rounding
- Total GGS expenses for 2017-18 were \$412 million (0.7%) lower than expected in the 2018-19 Budget estimated actual for 2017-18.
- Employee expenses were \$161 million lower than the estimated actual, which is borne out by lower than budgeted FTEs. Other operating expenses were \$124 million lower mainly due to the timing of health expenses.

Outcomes Report - Overview and Analysis

GGS expenditure is focused on the delivery of core services to the community. As shown in Chart 3.4 below, education and health account for over half of the total expenses.

Chart 3.4: Expenses by Function¹ (General Government Sector) 2017-18



¹ Refer to page 3-12 for further detail of expenses in each function.

Net Operating Balance

The net operating balance is the net of revenue and expenses from transactions and was \$1.753 billion compared to the estimated actual in the 2018-19 Budget of \$1.512 billion. Lower revenue was more than offset by lower expenses, as discussed above.

Capital Purchases

GGS purchases of non-financial assets (i.e. capital expenditure) totalled \$5.127 billion which was \$222 million more than the 2018-19 Budget estimate for 2017-18 capital purchases.

Fiscal Balance

The fiscal balance or net lending/borrowing aggregate broadly shows how much of the acquisition of non-financial assets is financed by the net operating balance (excluding depreciation and non-cash grants) and how much by borrowing.

The fiscal balance for 2017-18 has improved from a deficit of \$604 million at the time of the 2018-19 Budget to a deficit of \$586 million, mainly due to the improved operating position being largely offset by higher capital purchases.

Borrowing

Gross borrowings were \$31.53 billion compared to \$33.24 billion in the previous year.

Net Worth

The General Government’s net worth was \$195.708 billion as at 30 June 2018, \$3.978 billion lower than the estimated actual included in the 2018-19 Budget. The decrease related mainly to a revaluation decrement relating to road infrastructure, offset in part by an increase in the valuation of land under roads, hospitals and schools.

Net Debt

Net debt is the sum of advances received and borrowings less cash and deposits, advances paid and investments, loans and placements. The General Government Sector recorded negative net debt of \$494 million at 30 June 2018, which means these financial assets exceeded these liabilities.

Outcomes Report - Overview and Analysis

Operating Result

The operating result represents the result for the State under the Accounting Standards framework. The GGS operating result of \$1.368 billion differs from the net operating balance as it includes valuation adjustments such as gains and losses on financial and non-financial assets.

Comprehensive Result - Total Change in Net Worth

The comprehensive result includes revaluation of assets taken to reserves. The decrease from the estimated actual to the actual comprehensive result was due mainly to the revaluations of non-financial assets discussed above.

Public Non-financial Corporations (PNFC) Sector

The Public Non-financial Corporations Sector comprises bodies such as GOCs that mainly engage in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved.

- The PNFC Sector recorded a net operating surplus of \$1.893 billion, \$76 million higher than forecast. Both revenue and expenses were higher than forecast, mainly due to higher than expected demand and pricing for electricity generation.
- The fiscal balance was a surplus of \$1.797 billion, compared to an estimated surplus of \$1.554 billion.

State Financial (Total State) Sector

The Total State Sector includes all State Government departments and statutory authorities, public non-financial corporations, public financial corporations and their controlled entities. All material inter-entity and intra-entity transactions and balances have been eliminated to the extent practicable.

- The net operating balance for 2017-18 was a small deficit of \$73 million, while the operating result was a surplus of \$2.074 billion as it includes the decrease in market value of QTC’s external borrowings and derivatives and the increase in earnings investments managed by QIC.
- Purchases of non-financial assets for the TSS were \$7.659 billion.
- The net worth was \$190.135 billion, an increase of \$1.474 billion to that published in 2016-17 due to market value adjustments to QTC’s external borrowings, derivatives and gains on trusts managed by QIC more than offsetting the overall decrement in non-financial assets.

2017-18 Operating Statement by Sector (\$ million)

	General Government Sector		Public Non-financial Corporations Sector		Non-financial Public Sector		Public Financial Corporations Sector		State Financial Sector	
	Est. Actual	Actual	Est. Actual	Actual	Est. Actual	Actual	Actual ^(b)	Actual ^(b)		
Revenue from Transactions	Taxation revenue	13,284	13,244	—	—	13,040	12,988	—	12,983	
	Grants revenue	28,481	27,966	610	640	28,519	28,006	—	27,923	
	Sales of goods and services	5,861	5,884	12,141	12,435	16,082	16,375	2,235	18,304	
	Interest income	2,323	2,389	63	77	2,342	2,421	4,377	1,569	
	Dividend and income tax equivalent income	2,686	2,920	13	13	109	217	—	14	
	Other revenue	5,623	5,685	477	487	6,098	6,168	71	6,231	
	Total Revenue from Transactions	58,259	58,087	13,303	13,652	66,192	66,175	6,682	67,023	
	Less									
	Expenses from Transactions									
	Employee expenses	22,838	22,678	1,909	1,705	24,655	24,283	318	24,355	
Superannuation expenses										
Superannuation interest cost	665	667	—	(11)	665	656	—	656		
Other superannuation expenses	2,819	2,744	151	218	2,970	2,962	22	2,984		
Other operating expenses	17,382	17,258	4,275	4,573	19,728	19,868	1,811	21,667		
Depreciation and amortisation	3,330	3,325	2,470	2,480	5,800	5,804	35	5,839		
Other interest expenses	1,616	1,614	1,881	1,903	3,313	3,336	6,081	4,127		
Grants expenses	8,096	8,048	27	21	7,550	7,469	83	7,469		
Other property expenses	—	—	773	870	—	—	143	—		
Total Expenses from Transactions	56,747	56,335	11,486	11,759	64,682	64,378	8,492	67,096		
Equals										
Net Operating Balance	1,512	1,753	1,817	1,893	1,510	1,797	(1,810)	(73)		
Other economic flows - included in operating result	(91)	(384)	(58)	(210)	(199)	(644)	2,089	2,147		
Operating Result	1,421	1,368	1,759	1,684	1,311	1,153	279	2,074		
Other economic flows - other movements in equity	3,329	(596)	(1,120)	(653)	3,439	(380)	(55)	(599)		
Comprehensive Result - Total Change in Net Worth	4,750	772	639	1,030	4,750	773	224	1,474		
KEY FISCAL AGGREGATES										
Net Operating Balance	1,512	1,753	1,817	1,893	1,510	1,797	(1,810)	(73)		
Net Acquisition of Non-financial Assets										
Purchases of non-financial assets	4,905	5,127	2,751	2,509	7,656	7,644	15	7,659		
Less Sales of non-financial assets	227	291	46	47	273	339	8	347		
Less Depreciation	3,330	3,325	2,470	2,480	5,800	5,804	35	5,839		
Plus Change in inventories	32	13	(44)	36	(12)	49	—	49		
Plus Other movements in non-financial assets	735	815	73	79	809	894	—	894		
Equals										
Total Net Acquisition of Non-financial Assets	2,115	2,339	263	97	2,379	2,443	(27)	2,417		
Equals Fiscal Balance	(604)	(586)	1,554	1,797	(869)	(647)	(1,783)	(2,490)		

Notes:

- (a) Numbers may not add due to rounding.
- (b) In accordance with UPF requirements, estimates for Public Financial Corporations and State Financial sectors are not included in Budget documentation.

2017-18 Balance Sheet by Sector (\$ million)

Assets	General Government Sector		Public Non-financial Corporations Sector		Non-financial Public Sector		Public Financial Corporations Sector		State Financial Sector	
	Est. Actual	Actual	Est. Actual	Actual	Est. Actual	Actual	Actual ^(b)	Actual ^(b)		
Financial assets										
Cash and deposits	579	1,298	698	581	1,277	1,879	749	1,201		
Advances paid	630	629	1,762	2,284	616	622	—	622		
Investments, loans and placements	32,655	32,846	578	482	33,234	33,328	139,514	70,539		
Receivables	4,523	4,750	1,585	1,580	3,949	4,273	334	4,422		
Equity										
Investments in other public sector entities	23,002	23,120	—	—	4,490	4,216	—	—		
Investments - other	154	155	240	238	393	393	—	393		
Total financial assets	61,544	62,797	4,863	5,165	43,959	44,711	140,598	77,176		
Non-financial Assets										
Land and other fixed assets	203,721	200,458	62,132	62,506	265,853	262,964	178	263,142		
Other non-financial assets	7,179	7,392	1,193	1,113	1,594	1,591	59	1,516		
Total Non-financial Assets	210,900	207,850	63,326	63,619	267,447	264,554	238	264,658		
Total assets	272,443	270,647	68,188	68,784	311,406	309,265	140,836	341,834		
Liabilities										
Payables	4,015	4,396	3,366	3,495	5,243	5,861	241	5,916		
Superannuation liability	25,294	26,000	(324)	(368)	24,971	25,632	—	25,632		
Other employee benefits	5,749	5,974	752	769	6,501	6,743	133	6,876		
Deposits held	2	2	17	15	19	18	6,111	4,701		
Advances received	2,229	2,747	7	7	460	462	—	462		
Borrowing	31,367	31,530	38,135	37,992	69,501	69,522	126,394	99,185		
Other liabilities	4,100	4,290	7,722	7,970	5,024	5,319	3,740	8,925		
Total liabilities	72,757	74,939	49,675	49,879	111,720	113,556	136,619	151,698		
Net Worth	199,686	195,708	18,513	18,905	199,686	195,709	4,216	190,135		
Net Financial Worth	(11,213)	(12,141)	(44,812)	(44,715)	(67,760)	(68,845)	3,979	(74,523)		
Net Financial Liabilities	34,216	35,261	N/A	N/A	72,250	73,062	N/A	74,523		
Net Debt	(267)	(494)	35,121	34,667	34,854	34,173	(7,759)	31,988		

Notes:

- (a) Numbers may not add due to rounding.
(b) In accordance with UPF requirements, estimates for Public Financial Corporations and State Financial sectors are not included in Budget documentation.

2017-18 Cash Flow Statement by Sector (\$ million)

	General Government Sector		Public Non-financial Corporations Sector		Non-financial Public Sector		Public Financial Corporations Sector		State Financial Sector	
	Est. Actual	Actual	Est. Actual	Actual	Est. Actual	Actual	Actual (b)	Actual (b)		
Cash Receipts from Operating Activities										
Taxes received	13,282	13,232	—	—	13,039	12,982	—	12,977		
Grants and subsidies received	28,529	28,020	585	707	28,556	28,048	—	27,965		
Sales of goods and services	5,966	5,916	13,374	14,226	17,069	18,210	2,402	20,323		
Interest receipts	2,321	2,389	63	73	2,340	2,421	4,476	1,666		
Dividends and income tax equivalents	2,532	2,668	13	13	179	220	—	14		
Other receipts	6,867	6,992	394	426	7,259	7,416	158	7,567		
Total	59,497	59,216	14,429	15,445	68,442	69,298	7,036	70,512		
Cash Payments for Operating Activities										
Payments for employees	(26,375)	(25,964)	(2,062)	(1,885)	(28,344)	(27,749)	(318)	(27,820)		
Payments for goods and services	(18,691)	(18,496)	(4,890)	(5,615)	(21,302)	(22,157)	(1,393)	(23,535)		
Grants and subsidies	(8,186)	(8,014)	(281)	(270)	(7,908)	(7,602)	(83)	(7,602)		
Interest paid	(1,614)	(1,590)	(1,900)	(1,896)	(3,331)	(3,315)	(6,081)	(4,107)		
Other payments	—	(1)	(1,260)	(1,452)	(548)	(647)	(359)	(837)		
Total	(54,866)	(54,066)	(10,332)	(11,118)	(61,432)	(61,470)	(8,234)	(63,902)		
Net Cash Inflows from Operating Activities	4,631	5,150	4,037	4,327	7,010	7,827	(1,197)	6,611		
Cash Flows from Investments in Non-financial Assets										
Purchases of non-financial assets	(4,905)	(5,127)	(2,751)	(2,509)	(7,656)	(7,644)	(15)	(7,659)		
Sales of non-financial assets	227	291	46	47	273	339	8	347		
Total	(4,678)	(4,835)	(2,704)	(2,462)	(7,383)	(7,305)	(8)	(7,313)		
Net Cash Flows from Investments in Financial Assets for Policy Purposes	515	534	(473)	(988)	465	484	(500)	(16)		
Net Cash Flows for Investments in Financial Assets for Liquidity Purposes	(1,054)	(1,095)	(8)	71	(1,063)	(1,024)	3,301	1,244		
Receipts from Financing Activities										
Advances received (net)	403	905	(1)	(1)	(21)	(34)	—	(34)		
Borrowing (net)	(353)	(396)	41	(32)	(312)	(428)	294	(153)		
Dividends paid	—	—	(1,658)	(1,658)	—	—	(41)	—		
Deposits received (net)	46	7	—	(2)	46	5	(1,094)	(356)		
Other financing (net)	—	—	1	(138)	1	(138)	(2,263)	(1,369)		
Total	96	517	(1,617)	(1,831)	(286)	(595)	(3,104)	(1,912)		
Net Increase/(Decrease) in Cash Held	(491)	271	(766)	(883)	(1,256)	(612)	(1,508)	(1,385)		
Net cash from operating activities	4,631	5,150	4,037	4,327	7,010	7,827	(1,197)	6,611		
Net cash from investments in non-financial assets	(4,678)	(4,835)	(2,704)	(2,462)	(7,383)	(7,305)	(8)	(7,313)		
Dividends paid	—	—	(1,658)	(1,658)	—	—	(41)	—		
Cash Surplus/(Deficit)	(47)	315	(326)	207	(373)	522	(1,246)	(702)		
Derivation of ABS GFS Cash Surplus/Deficit										

Cash surplus/(deficit)	(47)	315	(326)	207	(373)	522	(1,246)	(702)
Acquisitions under finance leases and similar arrangements	(559)	(584)	—	—	(559)	(584)	—	(584)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	(606)	(269)	(326)	207	(932)	(62)	(1,246)	(1,286)

Notes:

- (a) Numbers may not add due to rounding.
- (b) In accordance with UPF requirements, estimates for Public Financial Corporations and State Financial sectors are not included in Budget documentation.

Outcomes Report - Other General Government UPF Data

Data in the following tables is presented in accordance with the Uniform Presentation Framework.

General Government Sector Taxes	
	2017-18 Outcome \$ million
Taxes on employers' payroll and labour force	3,906
Taxes on property	
Land taxes	1,180
Stamp duties on financial and capital transactions	3,023
Other	687
Taxes on the provision of goods and services	
Taxes on gambling	1,190
Taxes on insurance	944
Taxes on use of goods and performance of activities	
Motor vehicle taxes	2,313
Other	1
Total Taxation Revenue	13,244

Note:

- 1. Numbers may not add due to rounding.

General Government Sector Dividend and Income Tax Equivalent Income	
	2017-18 Outcome \$ million
Dividend and Income Tax Equivalent income from PNFC sector	2,715
Dividend and Income Tax Equivalent income from PFC sector	203
Other Dividend and Income Tax Equivalent income	1
Total Dividend and Income Tax Equivalent income	2,920

Note:

- 1. Numbers may not add due to rounding.

Outcomes Report - Other General Government UPF Data

General Government Sector Grant Revenue

	2017-18 Outcome \$ million
Current grant revenue	
Current grants from the Commonwealth	
General purpose grants	15,161
Specific purpose grants	7,596
Specific purpose grants for on-passing	3,023
Total current grants from the Commonwealth	25,779
Other contributions and grants	317
Total current grant revenue	26,096
Capital grant revenue	
Capital grants from the Commonwealth	
Specific purpose grants	1,781
Specific purpose grants for on-passing	—
Total capital grants from the Commonwealth	1,781
Other contributions and grants	89
Total capital grant revenue	1,870
Total grant revenue	27,966

Note:

1. Numbers may not add due to rounding.

General Government Sector Grant Expense

	2017-18 Outcome \$ million
Current grant expenses	
Private and not-for-profit sector	2,128
Private and not-for-profit sector on-passing	2,559
Local Government	217
Local Government on-passing	474
Grants to other sectors of Government	944
Other	281
Total current grant expense	6,601
Capital grant expenses	
Private and not-for-profit sector	274
Local Government	930
Local Government on-passing	—
Grants to other sectors of Government	46
Other	197
Total capital grant expenses	1,447
Total grant expenses	8,048

Note:

1. Numbers may not add due to rounding.

Outcomes Report - Other General Government UPF Data

General Government Sector Expenses by Function

	2017-18 Outcome \$ million		2017-18 Outcome \$ million
General Public Services	5,391	Health	16,834
Executive and legislative organs, financial and fiscal affairs, external affairs	635	Outpatient services	2,325
General services	268	Hospital services	9,980
Public debt transactions	1,590	Mental health institutions	418
Transfers of a general character between level of government	478	Community health services	3,259
General public services n.e.c.	2,420	Public health services	372
		Health n.e.c.	223
		R&D - Health	258
Public Order and Safety	4,992	Recreation, Culture and Religion	1,606
Police services	2,092	Recreation and sporting services	1,011
Civil and fire protection services	487	Cultural services	383
Law courts	945	Recreation, culture and religion n.e.c.	212
Prisons	959		
Public order and safety n.e.c.	510	Education	13,618
		Pre-primary and primary education	6,572
Economic Affairs	1,717	Secondary education	4,438
General economic, commercial and labour affairs	266	Tertiary education	1,214
Economic affairs n.e.c.	329	Subsidiary services to education	187
Agriculture, forestry, fishing and hunting	529	Education n.e.c.	1,207
Fuel and energy	318		
Communication	153	Social Protection	4,655
R&D - Economic affairs	123	Sickness and disability	1,652
		Old age	11
Environmental Protection	786	Family and children	1,775
Waste water management	3	Housing	490
Protection of biodiversity and landscape	607	Social exclusion n.e.c.	165
Environmental protection n.e.c.	176	Social protection n.e.c.	563
Housing and Community Amenities	963	Transport	5,772
Housing development	652	Road transport	2,514
Community development	182	Bus transport	59
Water supply	93	Water transport	140
Housing and community amenities n.e.c.	35	Railway transport	1,768
		Multi-mode urban transport	822
		Transport n.e.c.	469
		Total	56,335

Note:

1. Numbers may not add due to rounding.

Outcomes Report - Other General Government UPF Data

General Government Sector Purchases of Non-financial Assets by Function

	2017-18 Outcome \$ million
General public services	154
Public order and safety	386
Economic affairs	21
Environmental protection	85
Housing and community amenities	319
Health	655
Recreation, culture and religion	43
Education	613
Social protection	26
Transport	2,824
Total	5,127

Note:

- 1. Numbers may not add due to rounding

Certification of Outcomes Report

Management Certification

The foregoing Outcomes Report contains financial statements for the Queensland State Government, prepared and presented in accordance with the Uniform Presentation Framework (UPF) agreed to at the 1991 Premiers’ Conference and revised in 2008 to align with AASB 1049 *Whole of Government and General Government Sector Financial Reporting* .

This report separately discloses outcomes for the General Government, Public Non-financial Corporations, Public Financial Corporations and State Financial sectors within Queensland. Entities excluded from this report include local governments and universities. Queensland public sector entities consolidated for this report are listed in the AASB 1049 Financial Statements, taking into account intra and inter-agency eliminations.

Only those agencies considered material by virtue of their financial transactions and balances are consolidated in this report.

In our opinion, we certify that the Outcomes Report has been properly drawn up, in accordance with UPF requirements, to present a true and fair view of:

- (i) the Operating Statement and Cash Flows of the Queensland State Government for the financial year; and
- (ii) the Balance Sheet of the Government at 30 June 2018.

At the date of certification of this report, we are not aware of any material circumstances that would render any particulars included in the Outcomes Report misleading or inaccurate.

Glenn Miller
Assistant Under Treasurer
Queensland Treasury

Mary-Anne Curtis
Acting Under Treasurer
Queensland Treasury

30 November 2018



AASB 1049 - Overview and Analysis

The following analysis compares current year General Government Sector (GGS) and Total State Sector (TSS) performance with last year’s balances, restated for changes in accounting policies, presentational and timing differences and errors.

AASB 1049 *Whole of Government and General Government Sector Financial Reporting* aims to harmonise the disclosure presentation to be consistent with the Uniform Presentation Framework disclosed in the Outcomes Report.

Summary of Key Financial Aggregates of the Consolidated Financial Statements

The table below provides aggregate information under AASB1049:

	General Government Sector		Total State Sector	
	2018 \$ million	2017 \$ million	2018 \$ million	2017 \$ million
Taxation revenue	13,244	12,919	12,983	12,680
Grants revenue	27,966	27,384	27,923	27,324
Sales of goods and services	5,884	5,642	18,304	18,360
Interest income	2,389	2,351	1,569	1,551
Dividend and income tax equivalents income	2,920	2,675	14	14
Other revenue	5,685	5,223	6,231	5,674
Continuing Revenue from Transactions	58,087	56,194	67,023	65,603
Employee expenses	22,678	21,258	24,355	22,843
Superannuation expenses	3,412	3,175	3,640	3,431
Other operating expenses	17,258	15,579	21,667	19,814
Depreciation and amortisation	3,325	3,068	5,839	5,523
Other interest expense	1,614	1,722	4,127	3,940
Grants expenses	8,048	8,568	7,469	7,900
Continuing Expenses from Transactions	56,335	53,369	67,096	63,450
Net Operating Balance	1,753	2,825	(73)	2,152
Other Economic Flows - Included in Operating Result	(384)	348	2,147	5,117
Operating Result	1,368	3,173	2,074	7,269
Other Economic Flows - Other Movements in Equity	(647)	3,716	(650)	3,164
Comprehensive Result ¹	721	6,889	1,423	10,433
Purchases of non-financial assets	5,127	4,620	7,659	7,314
Fiscal Balance	(586)	560	(2,490)	(341)
Assets	270,647	269,821	341,834	341,385
Liabilities	74,939	74,833	151,698	152,672
Net Worth	195,708	194,988	190,135	188,712

Note:

1.
- Comprehensive result is different to the Outcomes Report as it reflects the movement from the 2017 recast position, rather than the 2017 published position.

Net Operating Balance

The GGS net operating balance was a surplus of \$1.753 billion compared to a restated surplus of \$2.825 billion in 2016-17.

GGS revenue grew by around 3% (\$1.893 billion) while expenses grew by around 6% (\$2.966 billion) over the year.

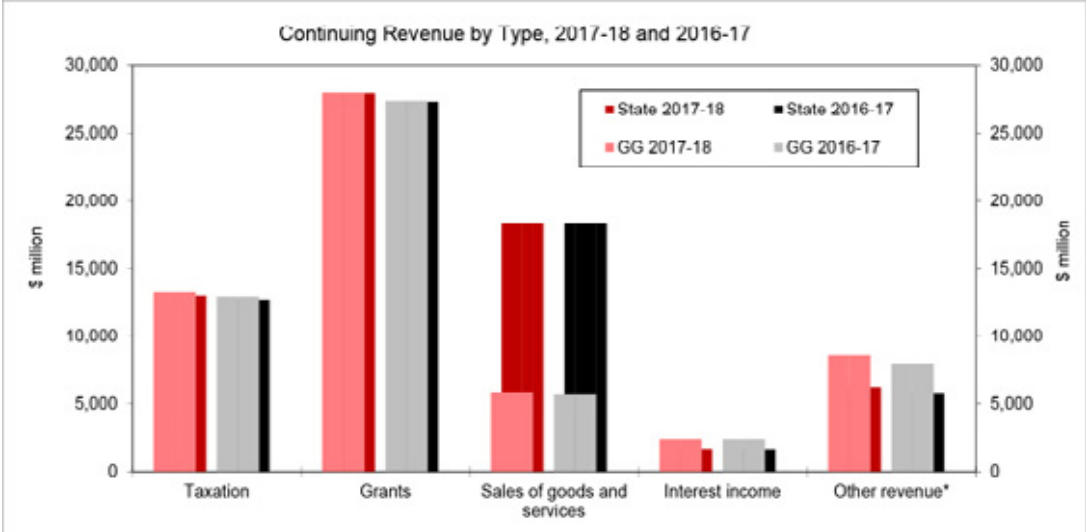
The TSS net operating balance showed a deficit of \$73 million compared to a restated surplus of \$2.152 billion in 2016-17.

The variances are explained below.

Revenue

Revenue from transactions increased from \$56.194 billion in 2016-17 to be \$58.087 billion in the GGS and totals \$67.023 billion in the TSS, an increase of \$1.421 billion over 2016-17.

Revenues by type for the GGS and TSS are shown in the following chart:



* Other revenue includes dividend and tax equivalents income.

Taxation revenue increased in 2017-18 by \$325 million for GGS and \$303 million for the TSS. This mainly reflects increased collections in all categories apart from transfer duty on large business transactions. Payroll tax increased \$211 million resulting from improvements in mining and construction activity.

Commonwealth and other grants comprised 48% of GGS revenue and 42% of TSS revenue. Grant revenue overall increased \$583 million from 2016-17 for the GGS and \$599 million for the TSS. The increase was primarily due to

- higher GST of \$1.190 billion (increased size of pool and higher relativities);
- specific purpose payments from the Commonwealth which increased \$519 million, mainly for health and education services;
- lower funding for NDRRA (\$930 million).

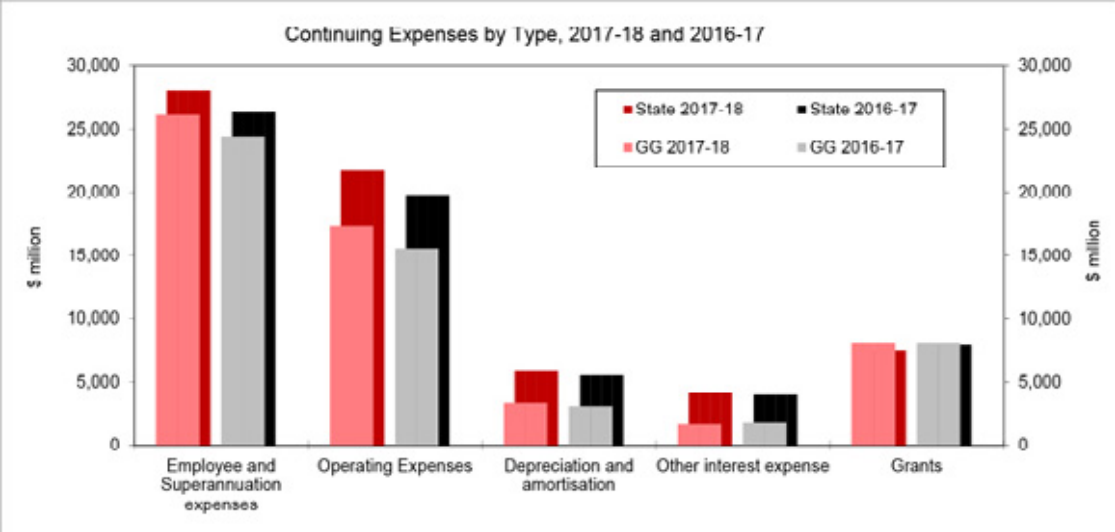
Dividend and income tax revenue for the GGS was higher in 2017-18 mainly due to the increased returns from the generation sector.

GGS other revenue was \$462 million higher in 2017-18 than 2016-17 mainly due to higher coal royalties. These increases flow through to TSS.

Expenses

Total expenses for 2017-18 were \$56.335 billion for the GGS and \$67.097 billion for the TSS, \$2.966 billion and \$3.646 billion more than the previous year respectively.

Expenses by type are shown in the following chart:



Employee and superannuation expenses were 6.8% higher in 2017-18, consistent with the estimates in both the 2017-18 and 2018-19 Budgets. The increases are in the areas of Health and Education, reflecting the Government’s commitment to revitalising frontline services.

Other operating expenses were \$1.68 billion more than 2016-17 for the GGS (redress scheme for victims of sexual abuse, health activity and 2018 Commonwealth Games) and were \$1.853 billion higher for the TSS.

Depreciation increased by \$256 million for the GGS due to increases in road and hospital infrastructure.

Interest costs decreased by \$108 million to \$1.614 billion for the GGS in 2017-18, mainly due to the effect of the Government’s Debt Action Plan.

Grant expenses decreased \$520 million in the GGS due to the one-off Solar Boost Scheme expense in 2016-17 which assumed the obligation for the Solar Bonus Scheme from 2017-18 to 2019-20, as well as the timing of Commonwealth Financial Assistance Grants to local governments. Offsetting these decreases were increases in NDIS funding and grants to non-state schools.

Operating Result

The operating result is the surplus or deficit for the year under the Australian Accounting Standards framework. Valuation and other adjustments such as deferred tax, capital returns and market value interest are shown as other economic flows and are included in the operating result.

The GGS operating result for the 2017-18 year was a surplus of \$1.368 billion (2016-17, \$3.173 billion). The difference in the result compared to 2016-17 is due to the lower net operating balance, discussed above, and lower dividends treated as capital returns.

The TSS operating result was a surplus of \$2.074 billion compared to a surplus of \$7.269 billion in 2016-17. The lower result in 2017-18 arises mainly from the lower net operating balance as well as from the net effect of realised and unrealised market value adjustments to derivatives, investments and borrowings.

Fiscal Balance

The GGS fiscal deficit was \$586 million for 2017-18 compared to a surplus of \$560 million for 2016-17. The TSS fiscal deficit was \$2.49 billion for 2017-18 compared to a deficit of \$341 million for 2016-17 due to the lower net operating balance.

Assets

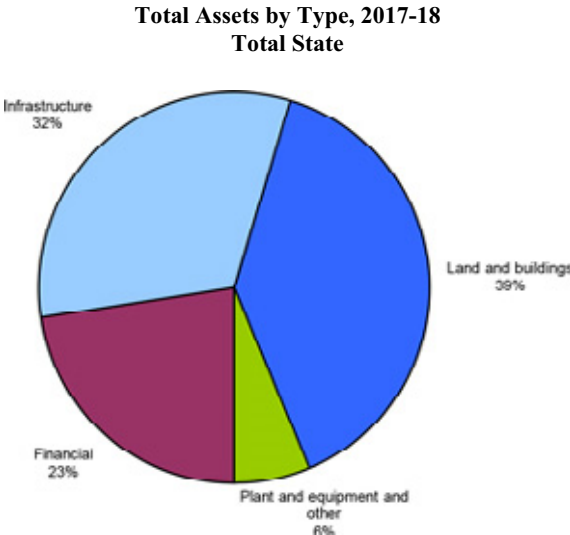
Assets controlled by the GGS at 30 June 2018 totalled \$270.647 billion, an increase of \$826 million on 2016-17, while assets controlled by the TSS at 30 June 2018 totalled \$341.834 billion (2017, \$341.385 billion), an increase of \$449 million.

Financial assets in the GGS were \$460 million higher than 2016-17, partly due to the Investments in the PNFC and PFC sectors which are higher in 2017-18 due to stronger net operating balances and market value adjustments to financial and non-financial assets. Partly offsetting this increase was lower Fixed Rate Note balances following repatriations.

Financial assets of the State decreased by \$943 million, mainly reflecting lower cash balances (\$1.385 billion) partly offset by higher Securities other than shares (\$623 million), following strong returns on equities in trusts managed by QIC.

Non-financial assets increased by \$366 million in the GGS due to higher deferred tax balances and lease prepayments. The increase at the TSS level was \$1.392 billion as capital purchases exceeded depreciation and revaluations.

The main types of assets owned by the State are detailed in the following chart:



Of the TSS assets, GGS assets comprised 79%, made up of:

	General Government \$M	Total State \$M
Financial	62,797	77,176
Infrastructure	56,213	109,635
Land and buildings	130,536	133,468
Plant and equipment and other	21,101	21,555
	270,647	341,834

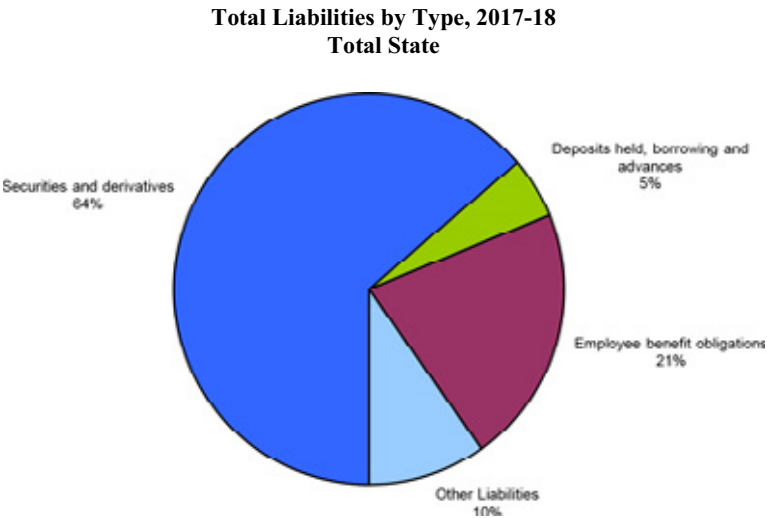
Liabilities

Liabilities at 30 June 2018 totalled \$74.939 billion for the GGS and \$151.698 billion for the TSS, an increase of \$106 million over 2016-17 for the GGS and a decrease of \$974 million for the State.

The overall increase in liabilities for the GGS arose mainly from increases in advances from GOCs and provisions (including the Commonwealth’s redress scheme for victims of sexual abuse) being largely offset by lower overall borrowings. Debt from QTC was reduced through utilising the redraw facility but this was partly offset by net new financing of PPPs such as New Generation Rollingstock and the Toowoomba Second Range Crossing.

For the TSS, securities and derivatives, largely held by QTC, have decreased \$2.492 billion due to market value adjustments and debt repaid. Provisions have increased by \$1.188 billion, mainly for the National Injury Insurance Scheme and redress scheme for victims of child sexual abuse, from which claims will be paid in future years.

The components of State liabilities are shown in the following chart:



Of the TSS liabilities, GGS liabilities comprised 49%, made up of:

	General Government \$M	Total State \$M
Securities and derivatives	122	96,708
Deposits held, borrowings and advances	34,157	7,641
Employee benefit obligations	31,973	32,508
Other liabilities	8,686	14,841
	74,939	151,698

Cash Flow Statement

The GGS recorded positive net cash flows from operating activities of \$5.15 billion which were used to fund net investments in non-financial assets of \$4.835 billion, resulting in a cash surplus of \$315 million (2017: \$1.448 billion). Under the Government’s Debt Action Plan, proceeds from defined benefit and QGIF surplus repatriations and GOC advances have enabled the reduction of debt.

The TSS recorded net cash flows from operating activities for the 2017-18 financial year of \$6.611 billion. This has financed net investments in non-financial assets of \$7.313 billion resulting in a cash deficit of \$702 million (2017: \$2.189 billion surplus).

**2017–18
Audited Information**

Queensland General Government and
Whole of Government Consolidated
Financial Statements
30 June 2018



**Operating Statement for Queensland
for the Year Ended 30 June 2018**

		<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>Notes</i>	<i>2018 \$M</i>	<i>2017 \$M</i>	<i>2018 \$M</i>	<i>2017 \$M</i>
Continuing Operations Revenue from Transactions					
Taxation revenue	3	13,244	12,919	12,983	12,680
Grants revenue	4	27,966	27,384	27,923	27,324
Sales of goods and services	5	5,884	5,642	18,304	18,360
Interest income	6	2,389	2,351	1,569	1,551
Dividend and income tax equivalents income	7	2,920	2,675	14	14
Other revenue	8	5,685	5,223	6,231	5,674
Continuing Operations Total Revenue from Transactions		58,087	56,194	67,023	65,603
<i>Less</i> Continuing Operations Expenses from Transactions					
Employee expenses	9	22,678	21,258	24,355	22,843
Superannuation expenses					
Superannuation interest cost	48	667	514	656	510
Other superannuation expenses	10	2,744	2,661	2,984	2,921
Other operating expenses	11	17,258	15,579	21,667	19,814
Depreciation and amortisation	12	3,325	3,068	5,839	5,523
Other interest expense	13	1,614	1,722	4,127	3,940
Grants expenses	14	8,048	8,568	7,469	7,900
Continuing Operations Total Expenses from Transactions		56,335	53,369	67,096	63,450
<i>Equals</i> Net Operating Balance		1,753	2,825	(73)	2,152
<i>Add</i> Continuing Operations Other Economic Flows - Included in Operating Result					
Gains/(losses) on sale of assets/settlement of liabilities	15	29	12	177	(150)
Revaluation increments/(decrements) and impairment (losses)/reversals	16	(79)	57	1,665	3,099
Asset write-downs	17	(239)	(135)	(314)	(190)
Actuarial adjustments to liabilities	18	(69)	22	(72)	22
Deferred income tax equivalents		(42)	50	—	—
Dividends and tax equivalents treated as capital returns	19	50	660	—	—
Other	20	(34)	(317)	692	2,335
Continuing Operations Total Other Economic Flows - Included in Operating Result		(384)	348	2,147	5,117
<i>Equals</i> Operating Result from Continuing Operations		1,368	3,173	2,074	7,269
<i>Add</i> Other Economic Flows - Other Movements in Equity					
Adjustments to opening balances *		—	(17)	—	(7)
Revaluations**	21	(647)	3,733	(650)	3,172
Other**	22	—	(1)	—	(1)
Total Other Economic Flows - Other Movements in Equity		(647)	3,716	(650)	3,164
<i>Equals</i> Comprehensive Result/Total Change in Net Worth		721	6,889	1,423	10,433
KEY FISCAL AGGREGATES					
Net Operating Balance		1,753	2,825	(73)	2,152
<i>Less</i> Net Acquisition/(Disposal) of Non-Financial Assets					
Purchases of non-financial assets		5,127	4,620	7,659	7,314
<i>Less</i> Sales of non-financial assets		291	389	347	474
<i>Less</i> Depreciation		3,325	3,068	5,839	5,523
<i>Plus</i> Change in inventories		13	—	49	4
<i>Plus</i> Other movement in non-financial assets		815	1,103	894	1,171
<i>Equals</i> Total Net Acquisition/(Disposal) of Non-Financial Assets		2,339	2,265	2,417	2,493
<i>Equals</i> Fiscal Balance		(586)	560	(2,490)	(341)

* Refer to Statement of Changes in Net Assets (Equity)

** Refer to page 5-02 for split of items in Other Movements in Equity between those that may and those that will not be reclassified subsequently to the Operating Result.

Operating Statement for Queensland
for the Year Ended 30 June 2018
continued

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
Analysis of Other Economic Flows - Other Movements in Equity				
Per AASB 7 <i>Financial Instruments: Disclosures</i> , Other Movements in Equity per page 5-01 are required to be classified as follows:				
Items that will not be reclassified subsequently to Operating Result				
Increments/(decrements) in asset revaluation surplus	(1,928)	1,803	(921)	2,126
Increments/(decrements) on investments	1,259	780	13	6
Actuarial gain/(loss) on defined benefit superannuation plans (net of tax)	(85)	1,149	(49)	1,283
Other	—	(1)	—	(1)
Total items that will not be reclassified subsequently to Operating Result	(754)	3,731	(957)	3,415
Items that may be reclassified subsequently to Operating Result				
Increments/(decrements) on cash flow hedges (net of tax)	108	5	308	(241)
Increments/(decrements) on available-for-sale financial assets	(1)	(3)	(1)	(3)
Total items that may be reclassified subsequently to Operating Result when certain conditions are met	107	2	306	(244)

This Operating Statement should be read in conjunction with the accompanying notes. Note 2 provides disaggregated information in relation to the above components.

Balance Sheet for Queensland as at 30 June 2018

		General Government Sector		Total State Sector	
	Notes	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Assets					
Financial Assets					
Cash and deposits	23	1,298	1,027	1,201	2,586
Receivables and loans					
Receivables	24(a)	4,750	4,873	4,422	4,247
Advances paid	24(b)	629	633	622	628
Loans paid	24(c)	207	180	9,754	10,040
Securities other than shares	25(a)	32,639	33,589	60,785	60,162
Shares and other equity investments					
Investments in public sector entities	25(b)	23,120	21,882	—	—
Investments in other entities	25(c)	8	8	245	309
Investments accounted for using the equity method	26(a)	147	146	147	147
Total Financial Assets		62,797	62,337	77,176	78,119
Non-Financial Assets					
Inventories	28	524	509	1,216	1,157
Assets held for sale	29	184	122	272	221
Investment properties	30	371	366	685	675
Property, plant and equipment	32	198,609	198,852	259,886	258,925
Intangibles	33	806	763	1,528	1,466
Deferred tax asset		6,420	6,186	—	—
Other non-financial assets	34	935	686	1,070	822
Total Non-Financial Assets		207,850	207,484	264,658	263,266
Total Assets		270,647	269,821	341,834	341,385
Liabilities					
Payables	35	4,396	4,183	5,916	5,767
Employee benefit obligations					
Superannuation liability	36(a)	26,000	26,047	25,632	25,712
Other employee benefits	36(b)	5,974	5,608	6,876	6,481
Deposits held	37(a)	2	3	4,701	5,040
Borrowings and advances					
Advances received	37(b)	2,747	1,830	462	485
Borrowings	37(b)	31,408	33,240	2,477	2,216
Securities and derivatives	37(c)	122	—	96,708	99,200
Deferred tax liability		582	794	—	—
Provisions	38	2,635	1,922	7,092	5,904
Other liabilities	39	1,073	1,206	1,833	1,869
Total Liabilities		74,939	74,833	151,698	152,672
Net Assets		195,708	194,988	190,135	188,712
Net Worth					
Accumulated surplus/(deficit)		89,705	87,740	85,472	83,042
Reserves		106,004	107,247	104,664	105,671
Total Net Worth		195,708	194,988	190,135	188,712
KEY FISCAL AGGREGATES					
Net Financial Worth		(12,141)	(12,496)	(74,523)	(74,553)
Net Financial Liabilities		35,261	34,378	74,523	74,553
Net Debt		(494)	(355)	31,988	33,525

This Balance Sheet should be read in conjunction with the accompanying notes. Note 2 provides disaggregated information in relation to the components of the net assets.

Statement of Changes in Net Assets (Equity) for Queensland General Government Sector for the Year ended 30 June 2018

	Opening Balance \$M	Adjustments to Opening Balances \$M	Comprehensive Result for Period				Closing Balance \$M
			Movements \$M	Transfers /Entity Cession \$M	Actuarial Gain /Loss on Superannuation \$M		
2018							
Accumulated surplus	87,740	—	1,368		682	(85)	89,705
Revaluation reserve - financial assets	15,042	—	1,366		1	—	16,409
Revaluation reserve - non-financial assets	92,099	—	(1,928)		(683)	—	89,488
Other reserves	106	—	—		1	—	106
Total equity at the end of the financial year	194,988	—	806	—	—	(85)	195,708
2017							
Accumulated surplus ¹	83,338	14	3,173		67	1,149	87,740
Revaluation reserve - financial assets ²	14,257	—	782		3	—	15,042
Revaluation reserve - non-financial assets ³	90,394	(31)	1,803		(67)	—	92,099
Other reserves	110	—	—		(4)	—	106
Total equity at the end of the financial year	188,099	(17)	5,758	(1)	—	1,149	194,988

The following notes relate to prior year adjustments to equity:

1. The opening accumulated surplus has increased by \$14 million, mainly as a result of a re-statement by the Department of Health in relation to demolition works carried out on the former Gold Coast Hospital land.

The movement in accumulated surplus for the period includes a prior year decrease of \$30 million which is mainly due to a tax equivalent adjustment. There was also an actuarial revision (gain) of the defined benefit superannuation member fund assets of \$77 million.
2. The movement in financial asset revaluation reserve for the period includes a prior year increase of \$21 million, mainly in relation to the change in value of the Public Non-financial Corporations Sector.
3. The opening non-financial asset revaluation reserve has decreased by \$31 million due to a change in accounting policy regarding complex asset valuation by the Public Safety Business Agency.
4. Adjustments to opening balances are included as part of the comprehensive result on the face of the Operating Statement as they represent changes to the comprehensive result in prior periods.

**Statement of Changes in Net Assets (Equity) for Queensland Total State Sector
for the Year Ended 30 June 2018**

	<i>Opening Balance</i> <i>\$M</i>	<i>Adjustments to</i> <i>Opening</i> <i>Balances</i> <i>\$M</i>	<i>Comprehensive Result for Period</i>			<i>Closing</i> <i>Balance</i> <i>\$M</i>
			<i>Movements</i> <i>\$M</i>	<i>Transfers /Entity</i> <i>Cessation</i> <i>\$M</i>	<i>Actuarial Gain /Loss</i> <i>on Superannuation ¹</i> <i>\$M</i>	
2018						
Accumulated surplus	83,042	—	2,074	406	(49)	85,472
Revaluation reserve - financial assets	705	—	320	1	—	1,026
Revaluation reserve - non-financial assets	103,359	—	(921)	(721)	—	101,717
Other reserves	1,607	—	—	315	—	1,921
Total equity at the end of the financial year	188,712	—	1,473	—	(49)	190,135
	<i>Opening Balance</i> <i>\$M</i>	<i>Adjustments to</i> <i>Opening</i> <i>Balances</i> <i>\$M</i>	<i>Comprehensive Result for Period⁴</i>			<i>Closing</i> <i>Balance</i> <i>\$M</i>
			<i>Movements</i> <i>\$M</i>	<i>Transfers /Entity</i> <i>Cessation</i> <i>\$M</i>	<i>Actuarial Gain /Loss</i> <i>on Superannuation ¹</i> <i>\$M</i>	
2017						
Accumulated surplus ²	74,740	24	7,269	(275)	1,283	83,042
Revaluation reserve - financial asset	940	—	(238)	3	—	705
Revaluation reserve - non-financial assets ³	101,332	(31)	2,126	(69)	—	103,359
Other reserves	1,267	—	—	340	—	1,607
Total equity at the end of the financial year	178,279	(7)	9,157	(1)	1,283	188,712

The following notes relate to prior year adjustments to equity:

1. Refer to Note 48 - Retirement Benefit Obligations.
 2. The opening accumulated surplus has increased by \$24 million, mainly as a result of a re-statement by the Department of Health in relation to demolition works carried out on the former Gold Coast Hospital land and a change in accounting policy in relation to stripping costs in the development of open cut pits by Stanwell Corporation.
- The movement in accumulated surplus for the period includes a prior year decrease of \$25 million which is mainly due to a change in accounting policy in relation to stripping costs in the development of open cut pits by Stanwell Corporation. There was also an actuarial revision (gain) on the defined benefit superannuation member fund assets of \$77 million.
3. The opening non-financial asset revaluation reserve has decreased by \$31 million due to a change in accounting policy regarding complex asset valuation by the Public Safety Business Agency.
 4. Adjustments to opening balances are included as part of the comprehensive result on the face of the Operating Statement as they represent changes to the comprehensive result in prior periods.

Cash Flow Statement for Queensland
for the Year Ended 30 June 2018

	Notes	General Government Sector 2018 \$M	2017 \$M	Total State Sector 2018 \$M	2017 \$M
Cash Flows from Operating Activities					
Cash received					
Taxes received		13,232	12,940	12,977	12,677
Grants and subsidies received		28,020	27,175	27,965	27,109
Sales of goods and services		5,916	6,116	20,323	20,437
Interest receipts		2,389	2,351	1,666	1,409
Dividends and income tax equivalents		2,668	1,924	14	14
Other receipts		6,992	6,477	7,567	6,846
		59,216	56,982	70,512	68,492
Cash paid					
Payments for employees		(25,964)	(24,278)	(27,820)	(26,101)
Payments for goods and services		(18,496)	(17,005)	(23,535)	(21,711)
Grants and subsidies paid		(8,014)	(8,316)	(7,602)	(6,911)
Interest paid		(1,590)	(1,700)	(4,107)	(3,879)
Other payments		(1)	(5)	(837)	(862)
		(54,066)	(51,304)	(63,902)	(59,463)
Net Cash Flows from Operating Activities	40(a)	5,150	5,678	6,611	9,029
Cash Flows from Investing Activities					
Non-Financial Assets					
Purchases of non-financial assets		(5,127)	(4,620)	(7,659)	(7,314)
Sales of non-financial assets		291	389	347	474
		(4,835)	(4,230)	(7,313)	(6,840)
Financial Assets (Policy Purposes)					
Equity acquisitions		(4)	(3)	(4)	—
Equity disposals		557	978	7	(24)
Advances and Concessional Loans Paid		(166)	(154)	(166)	(154)
Advances and Concessional Loans Received		147	133	147	132
		534	954	(16)	(46)
Financial Assets (Liquidity Purposes)					
Sales of investments		4,549	2,504	52,801	35,653
Purchases of investments		(5,644)	(5,128)	(51,556)	(37,194)
		(1,095)	(2,624)	1,244	(1,541)
Net Cash Flows from Investing Activities		(5,396)	(5,900)	(6,084)	(8,428)
Cash Flows from Financing Activities					
Cash received					
Advances received		3,254	1,410	—	12
Proceeds of borrowing		146	112	484	79
Deposits received		50	5	606	2,944
Other financing (including interest bearing liabilities)		—	—	53,038	48,054
		3,450	1,528	54,128	51,090
Cash paid					
Advances paid		(2,349)	(95)	(34)	(42)
Borrowing repaid		(542)	(1,239)	(637)	(424)
Deposits withdrawn		(42)	(6)	(962)	(2,657)
Other financing (including interest bearing liabilities)		—	—	(54,406)	(47,817)
		(2,933)	(1,340)	(56,039)	(50,939)
Net Cash Flows from Financing Activities		517	188	(1,912)	151
Net increase/(decrease) in Cash and Deposits Held		271	(35)	(1,385)	752
Cash and deposits at the beginning of the financial year		1,027	1,062	2,586	1,833
Cash and Cash Equivalents Held at the End of the Financial Year	23	1,298	1,027	1,201	2,586
KEY FISCAL AGGREGATES					
Net Cash from Operating Activities		5,150	5,678	6,611	9,029
Net Cash Flow from Investments in Non-Financial Assets		(4,835)	(4,230)	(7,313)	(6,840)
CASH SURPLUS/(DEFICIT)		315	1,448	(702)	2,189
Derivation of ABS GFS Cash Surplus/Deficit					
Cash surplus/(deficit)		315	1,448	(702)	2,189
Acquisitions under finance leases and similar arrangements		584	758	584	758
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements		899	2,205	(118)	2,946

This Cash Flow Statement should be read in conjunction with the accompanying notes. Note 2 provides disaggregated information in relation to the components of the net cash flows. There have been some reclassifications of line items (refer to note 1(l)).

Notes to the Financial Statements

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Notes to the Financial Statements

1. Basis of financial statements preparation

(a) General information

This financial report is prepared for the Queensland General Government Sector (GGS) and the consolidated Total State Sector (TSS).

The GGS is a component of the TSS. The GGS is determined in accordance with the principles and rules contained in the Australian Bureau of Statistics’ (ABS) *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015* (ABS GFS Manual). According to the ABS GFS Manual, the GGS consists of all government units and non-profit institutions controlled and mainly financed by government. Government units are legal entities established by political processes that have legislative, judicial or executive authority over other units and which provide goods and services to the community or to individuals on a non-market basis and make transfer payments to redistribute income and wealth. Non-profit institutions are created for the purpose of producing or distributing goods and services but are not a source of income, profit or other financial gain for the government. Refer Note 1(c) for further information on sectors.

Unless otherwise stated, references in this report to “the State” include both the GGS and TSS.

(b) The Government reporting entity

The Queensland Government economic entity (Total State Sector) includes all State Government departments, other General Government entities, Public Non-financial Corporations, Public Financial Corporations and their controlled entities. Refer Note 50 for a full list of controlled entities included in each sector.

Under AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, the preparation of the GGS financial report does not require full application of AASB 127 *Consolidated and Separate Financial Statements* and AASB 139 *Financial Instruments: Recognition and Measurement*. The GGS includes the value of all material assets, liabilities, equity, revenue and expenses of entities controlled by the GGS of Queensland. Assets, liabilities, revenue, expenses and cash flows of government controlled entities that are in the Public Non-financial Corporations Sector (PNFC) and the Public Financial Corporations Sector (PFC) are not separately recognised in the GGS. Instead, the GGS recognises an asset, being the controlling equity investment in those entities and recognises an increment or decrement relating to changes in the carrying amount of that asset, measured in accordance with AASB 1049.

Where control of an entity is obtained during the financial year, its results are included in the Operating Statement from the date control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

Generally, only those agencies considered material by virtue of the size of their financial transactions and/or resources managed are consolidated for the purposes of this report (refer Note 50 for further details).

In the process of reporting the Government of Queensland as a single economic entity, all material inter-entity and intra-entity transactions and balances have been eliminated to the extent practicable.

The ABS GFS Manual provides the basis upon which GFS information contained in the financial report is prepared. In particular, notes disclosing key fiscal aggregates of net worth, net operating balance, total change in net worth, fiscal balance or net lending/(borrowing) and cash surplus/(deficit), determined using the principles and rules in the ABS GFS Manual are included in the financial report together with a reconciliation of those key fiscal aggregates to the corresponding key fiscal aggregates determined in accordance with AASB 1049 (refer Note 51).

(c) Sectors

Assets, liabilities, revenue and expenses that are attributed reliably to each sector of the Queensland Government economic entity are disclosed in Note 2. For disclosure purposes, transactions and balances between sectors have not been eliminated but those between entities within each sector have been eliminated. The financial impact of inter-sector transactions and balances is also disclosed in Note 2, under the heading of Consolidation Adjustments.

A brief description of each broad sector of the Government’s activities, determined in accordance with the ABS GFS Manual follows:

General Government Sector (GGS)

The primary function of GGS agencies is to provide public services that:

- are non-trading in nature and that are for the collective benefit of the community;
- are largely financed by way of taxes, fees and other compulsory charges; and
- involve the transfer or redistribution of income.

Public Non-financial Corporations Sector (PNFC Sector)

The primary function of enterprises in the PNFC Sector is to provide goods and services that:

- are trading, non-regulatory or non-financial in nature; and
- are financed by way of sales of goods and services to consumers.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(c) Sectors continued

Public Financial Corporations Sector (PFC Sector)

The PFC Sector comprises publicly-owned institutions which provide financial services, usually on a commercial basis.

Functions they perform may include:

- central bank functions;
- accepting on-call, term or savings deposits;
- investment fund management;
- having the authority to incur liabilities and acquire financial assets in the market on their own account; or
- providing insurance services.

(d) Compliance with prescribed requirements

This financial report has been prepared in accordance with the *Financial Accountability Act 2009*. In addition, the financial statements comply with AASB 1049 which requires compliance with all Australian Accounting Standards and Concepts, Interpretations and other authoritative pronouncements, except those identified below.

With respect to compliance with Australian Accounting Standards and Interpretations, the GGS and the TSS have applied those requirements applicable to not-for-profit entities, as the GGS and the TSS are classified as such. It is, however, recognised that the TSS is an aggregation of both for-profit and not-for-profit entities.

Unless otherwise stated, the accounting policies adopted for the reporting period are consistent with those of the previous reporting period. In accordance with AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, changes to accounting policies are applied retrospectively unless specific transitional provisions apply.

The financial report of the TSS is a general purpose financial report. The financial report of the GGS is included as two separate columns adjacent to the Total State financial information. GGS information is shaded.

The statements have been prepared on an accrual basis that recognises the financial effects of transactions and events when they occur.

AASB 1049 harmonises GFS with Generally Accepted Accounting Principles (GAAP) to the extent that GFS does not conflict with GAAP. This requires the selection of options within the Australian Accounting Standards that harmonise with the ABS GFS Manual.

The purpose of this financial report is to provide users with information about the stewardship by the Government in relation to the GGS and TSS and accountability for the resources entrusted to it, information about the financial performance, position and cash flows of the GGS and TSS and information that facilitates assessments of the macro-economic impact of the Government.

(e) New and changed accounting standards

Accounting standards applied for the first time in 2017-18

AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107* became effective from 2017-18. This standard requires disclosure of information that will allow users to understand changes in liabilities arising from financing activities. This disclosure is located in Note 40. The measurement of assets, liabilities, income and expenditure in the financial statements is unaffected.

AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets for not-for-Profit Entities* became effective from 2017-18. This standard simplified and clarified the impairment requirements under AASB 136 for non-cash generating specialised assets held by not-for-profit entities. In line with this amendment, references to ‘depreciated replacement cost’ have been replaced with ‘current replacement cost’. This amendment has not changed any reported amounts.

No other new Australian Accounting Standards effective for the first time in 2017-18 had any material impact on this financial report.

Future impact of accounting standards not yet effective

The following are the significant new and revised standards that apply in future reporting periods.

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

These standards will become effective in 2018-19 with a 1 July 2018 date of transition. The main impacts of these standards on the State are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the State’s financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(e) New and changed accounting standards continued

Future impact of accounting standards not yet effective continued

The State has reviewed the impact of AASB 9 on the classification and measurement of its financial assets and liabilities. The following summarises the estimated impact of the revised AASB 9.

- There will be no change to either the classification or valuation of the cash and cash equivalent item.
- Trade receivables will be classified and measured at amortised cost, similar to the current classification of loans and receivables. However, new impairment requirements will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The State will be adopting the simplified approach under AASB 9 and measure lifetime expected credit losses on all trade receivables and contract assets. The State does not expect a material impact on net receivables from applying these new impairment requirements.
- The State makes certain loans and advances to third parties which are repayable contingent on certain events occurring. Some of these loans will fail the ‘solely payments of principal and interest’ test under AASB 9 as they do not constitute a basic lending arrangement. As such, these loans will no longer be categorised as amortised cost and will need to be measured at fair value. However, the State expects that the resulting reduction in loans receivable carrying amount at 30 June 2018 would not be material.
- For the GGS the fixed rate note will continue to be held at amortised cost as this is considered to be fair value.
- All financial liabilities listed in Notes 35 and 37 will continue to be measured at amortised cost. The State does not expect a material change in the reported value of financial liabilities.

Any changes to the carrying amount of financial assets and liabilities will be made to the opening balance as at 1 July 2018. The State will not restate comparative figures for financial instruments on adopting AASB 9 in 2018-19. A number of new or changed disclosure requirements will also apply from 2018-19, including one-off disclosures in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the State enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets, such as the State’s credit risk management practices and information about expected credit losses.

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

These standards will first apply to the State’s financial report in 2019-20. The State has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

- Special purpose grants received to construct non-financial assets controlled by the State may be recognised as a liability, and subsequently recognised progressively as revenue as the State satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.
- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. The State has commenced evaluating the existing grant arrangements as to whether revenue from those grants could be deferred under the new requirements – however no conclusion or the potential impact, if any, has been determined.
- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. The State receives several grants from the Australian Government for which there are no sufficiently specific performance obligations. These grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.
- Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the State’s goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the State has received cash but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). The State is yet to complete its analysis of existing arrangements for sale of its goods and services and the impact, if any, on revenue recognition has not yet been determined.
- A range of new disclosures will also be required by the new standards in respect of the State’s revenue.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(e) New and changed accounting standards continued

Future impact of accounting standards not yet effective continued

AASB 16 Leases

AASB 16 will become effective in 2019-20. AASB 16 requires lessees to recognise a right-of-use asset (representing the right to use the underlying leased asset) and a lease liability (representing the obligation to make future lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value. In effect, the majority of operating leases (as defined by the current AASB 117 and shown at Note 41) will be reported on the statement of financial position under AASB 16.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed as supplies and services. They will instead be apportioned between a reduction in the lease liability and a finance charge which will be recognised as interest expense.

The State will apply the 'cumulative catch up' method on transition, and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

The State has not yet quantified the exact impact of applying AASB 16 to its current operating leases, including the extent of additional disclosures required. The exact impact will not be known until the year of transition. However, assuming the State's current operating lease commitments (see Note 41) are to be recognised 'on-balance sheet' at transition, the expected increase in lease liabilities (with a corresponding right-of-use asset) is estimated to be between \$2.5 billion and \$2.8 billion for the General Government Sector and between \$3.2 billion and \$3.6 billion for Whole-of-Government. The reclassification between supplies and services expense and depreciation/interest expense has not yet been estimated.

Lessor accounting under AASB 16 remains largely unchanged from AASB 117. For finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

AASB 1059 Service Concession Arrangements: Grantors

Currently, AASB 1059 will be effective in 2019-20, however the AASB is considering deferring the effective date by one year. This standard requires the State (the grantor) to recognise an asset and a corresponding liability for Service Concession Arrangements, also known as Public Private Partnerships (PPP), where certain criteria are met. The State has not yet concluded its detailed analysis of the impact of AASB 1059. A preliminary assessment of this standard identifies the following potential future impacts:

- Arrangements where the State grants or has granted the operator a right to charge for third party usage of an asset that provides public services (such as a toll road) or a right to access a revenue-generating asset located on State land, in return for the construction and operation of that asset and return of the asset to the State at the end of the PPP, are currently classified as 'Economic Infrastructure Arrangements'. These arrangements are currently not recognised as assets and liabilities in the State's Balance Sheet. Under AASB 1059, some of these arrangements will be brought onto the balance asset for the first time, resulting in a significant increase in assets and liabilities. The impact on the operating statement has not yet been determined.
- Arrangements where the State pays the operator to construct and maintain an infrastructure asset (such as a school or hospital building) are currently classified as 'Social Infrastructure Arrangements' and are recognised, in most instances, as lease assets and liabilities. Under AASB 1059, the classification of these assets and liabilities may change for some arrangements. Also, the assets and liabilities may need to be recognised earlier, during construction, rather than at the end of construction.

(f) Reporting period

The reporting period of the GGS and TSS is the financial year ended 30 June 2018.

(g) Presentation

Currency and Rounding

All amounts in these statements are in Australian dollars and have been rounded to the nearest \$1 million or where the amount is less than \$500,000, to zero, unless otherwise indicated. Accordingly, numbers may not add due to rounding.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(g) Presentation continued

Comparative information and Errors

Where applicable, comparatives have been restated, to be consistent with changes in presentation for the current reporting period. The impact of any prior year adjustments on net worth is noted in the Statement of Changes in Equity.

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires that material prior period errors be corrected retrospectively by either restating comparative amounts if the errors occurred in the prior year; or restating the opening balances of assets, liabilities and equity of the prior year where the error occurred before the prior year.

Foreign currency

Foreign currency transactions are translated into Australian dollars at the rate of exchange prevailing at the date of the transaction. Amounts payable and receivable in foreign currencies at balance date are translated to Australian dollars at rates of exchange current at 30 June 2018.

Translation differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in other economic flows in the operating result, except when deferred in equity as qualifying cash flow hedges and net investment hedges.

Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in other economic flows in the operating result as part of the fair value gain or loss. Translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

Translation differences relating to borrowings are accounted for as exchange gains or losses in other economic flows in the operating result.

(h) Basis of measurement

These financial statements use historical cost accounting principles as the measurement basis unless otherwise stated in the report. Other significant valuation methodologies used include:

Financial assets

- receivables and loans (except onlendings) are measured at amortised cost;
- held-to-maturity investments are measured at amortised cost;
- available-for-sale investments are measured at fair value;
- other financial assets, including onlendings by QTC, securities and derivatives, are recorded at fair value through profit or loss;

Financial liabilities

- payables are measured at amortised cost;
- finance lease liabilities, advances, interest bearing deposits and GGS loans from QTC are measured at amortised cost;
- other financial liabilities, including securities and derivatives, are recorded at fair value through profit or loss;

Non-financial assets

- inventories (other than those held for distribution) are valued at the lower of cost and net realisable value under AASB 102 *Inventories*; - land, buildings, infrastructure, major plant and equipment and heritage and cultural assets are valued at fair value. Other classes of assets are valued at cost, which approximates fair value; and

Non-financial liabilities

- provisions in relation to superannuation, WorkCover, National Injury Insurance Scheme Queensland, motor vehicle accidents, Queensland Government Insurance Fund and the Queensland Government Long Service Leave Central Scheme are based on actuarial valuations, measured at the present value of the estimate of the expenditure required to settle the present obligation at the reporting date.

(i) Business combinations

Business combinations are recognised in accordance with AASB 3 *Business Combinations* and accounted for using the acquisition method, regardless of whether equity instruments or other assets and liabilities are acquired.

Cost is measured as the fair value of the assets given or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(i) Business combinations continued

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair value of the State's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the State's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in other economic flows in the operating result but only after a reassessment of the identification and measurement of the net assets acquired.

(j) Commonwealth taxation and income tax equivalents

The Government is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax (GST). Revenue, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), in which case, the GST is recognised as part of the acquisition cost of the asset or as part of the item of expense.

Receivables and payables include GST. The amounts of GST receivable from, or payable to, the ATO are included as a current asset or liability in the Balance Sheet. Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

The GGS is the collector of income tax equivalents from the PNFC and PFC sectors. Current income tax is included in the net operating balance while deferred tax is treated as an other economic flow. The deferred tax assets and liabilities with other public sector entities are reflected on the face of the GGS balance sheet, and are eliminated in the TSS.

(k) Classification

AASB 1049 requires the Operating Statement to include all items of revenue and expenses recognised in a period. All amounts relating to an item included in the determination of comprehensive result (total change in net worth) are classified as transactions or other economic flows in a manner that is consistent with the ABS GFS Manual. Key technical terms from the ABS GFS Manual that are used in this financial report are outlined in Notes 1(c) and 1(l).

Transactions are interactions between two units by mutual agreement or an action within a unit that is analytically useful to treat as a transaction. Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions (e.g. revaluations and other changes in the volume of assets).

Where application of accounting standards results in a variance to GFS, a reconciliation to GFS is provided in Note 51.

(l) Key GFS technical terms

ABS GFS Manual

The ABS GFS Manual refers to the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015* as updated from time to time. On 23 December 2015, the ABS issued GFSM 2015 which applies to these financial statements for 2017-18 onwards. The main impact of the changes is the conversion of Government Purpose Classifications (GPCs) to the Classification of Functions of Government - Australia (CoFOG-A) which affects Notes 52 and 53.

In the Cash Flow Statement there have been some minor reclassification of line items within the operating cash flows to better reflect the nature of the flows. In addition, in accord with the manual, Policy Purposes cash flows now include concessional loans provided by the State (previously included in financing activities). No other material changes to the financial statements have arisen.

Cash surplus/(deficit)

The cash surplus/(deficit) is calculated as net cash flows from operating activities plus net cash flows from acquisition and disposal of non-financial assets less distributions paid. GFS cash surplus/(deficit) also deducts the value of assets acquired under finance leases and similar arrangements.

Convergence differences

Convergence differences are differences between the amounts recognised in the financial statements compared with the amounts determined for GFS purposes as a result of differences in definition, recognition, measurement and classification principles and rules.

Comprehensive result - total change in net worth before transactions with owners as owners

This is the net result of all items of revenue and expenses recognised for the period. It is the aggregate of operating result and other movements in equity, other than transactions with owners as owners.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(l) Key GFS technical terms continued

Financial asset

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right:
 - (i) to receive cash or another financial asset from another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Key fiscal aggregates

Key fiscal aggregates are referred to as analytical balances in the ABS GFS Manual. These are data identified in the ABS GFS Manual as useful for macro-economic analysis purposes, including assessing the impact of a government on the economy. They are opening net worth, net operating balance (which equals change in net worth due to transactions), fiscal balance, change in net worth due to revaluations and changes in the volume of assets, total change in net worth, closing net worth and cash surplus/(deficit).

Net debt

Net debt in these statements equals (deposit liabilities held plus advances and borrowing liabilities) less (cash and deposits, plus investments and loans plus asset advances outstanding). (GFS now has a wider definition of net debt which includes all liabilities in the calculation.)

Fiscal balance

Also known as Net lending/(borrowing), this measures the financing requirements of government, and is calculated as the net operating balance, less the net acquisition of non-financial assets. A positive result reflects a fiscal surplus (net lending position) and a negative result reflects a fiscal deficit (net borrowing position), based on the definition in the ABS GFS Manual.

Net operating balance

This is calculated as income from transactions minus expenses from transactions, based on the definition in the ABS GFS Manual.

Net worth

For the GGS, net worth is the result of assets less liabilities and shares/contributed capital. For the State, net worth is assets less liabilities since shares and contributed capital is zero. It is an economic measure of wealth and reflects the contribution of governments to the wealth of Australia.

Non-profit institution

A non-profit institution is a legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Non-financial assets

These are all assets that are not 'financial assets'.

Operating result

Operating result is a measure of financial performance of the operations of the State for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as other movements in equity.

Other economic flows

Changes in the volume or value of an asset or liability that do not result from transactions (e.g. revaluations and other changes in the volume of assets) are other economic flows.

Notes to the Financial Statements

2. Disaggregated information
Operating Statement

	<i>General Government*</i>		<i>Public Non-financial Corporations*</i>		<i>Public Financial Corporations*</i>		<i>Consolidation Adjustments</i>		<i>Total State</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Continuing Operations										
Revenue from Transactions										
Taxation revenue	13,244	12,919	—	—	—	—	(261)	(239)	12,983	12,680
Grants revenue	27,966	27,384	640	1,491	—	—	(683)	(1,551)	27,923	27,324
Sales of goods and services	5,884	5,642	12,435	12,719	2,235	2,095	(2,249)	(2,096)	18,304	18,360
Interest income	2,389	2,351	77	45	4,377	4,669	(5,273)	(5,514)	1,569	1,551
Dividend and income tax equivalents income	2,920	2,675	13	15	—	—	(2,918)	(2,676)	14	14
Other revenue	5,685	5,223	487	380	71	84	(12)	(13)	6,231	5,674
Continuing Operations Total Revenue from Transactions	58,087	56,194	13,652	14,650	6,682	6,849	(11,398)	(12,090)	67,023	65,603
<i>Less</i> Continuing Operations Expenses from Transactions										
Employee expenses	22,678	21,258	1,705	1,654	318	267	(347)	(335)	24,355	22,843
Superannuation expenses										
Superannuation interest cost	667	514	(11)	(4)	—	—	—	—	656	510
Other superannuation expenses	2,744	2,661	218	241	22	19	—	—	2,984	2,921
Other operating expenses	17,258	15,579	4,573	4,288	1,811	1,787	(1,975)	(1,839)	21,667	19,814
Depreciation and amortisation	3,324	3,068	2,480	2,412	35	43	—	—	5,839	5,523
Other interest expense	1,614	1,722	1,903	2,030	6,081	5,870	(5,471)	(5,683)	4,127	3,940
Grants expenses	8,048	8,568	21	791	83	92	(683)	(1,551)	7,469	7,900
Other property expenses	—	—	870	839	143	154	(1,013)	(994)	—	—
Continuing Operations Total Expenses from Transactions	56,335	53,369	11,759	12,251	8,492	8,232	(9,489)	(10,401)	67,096	63,450
<i>Equals</i> Net Operating Balance	1,753	2,825	1,893	2,398	(1,810)	(1,383)	(1,909)	(1,688)	(73)	2,152

* See Note 1(c) for explanation of sectors.

2. Disaggregated information continued

	<i>General Government*</i>		<i>Public Non-financial Corporations*</i>		<i>Public Financial Corporations*</i>		<i>Consolidation Adjustments</i>		<i>Total State</i>	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Continuing Operations										
Other Economic Flows										
Included in Operating Result										
Gain/(loss) on sale of assets/settlement of liabilities	29	12	(28)	(311)	176	150	—	—	177	(150)
Revaluation increments/(decrements) and impairment (losses)/reversals	(79)	57	(174)	204	1,917	2,839	—	—	1,665	3,099
Asset write-downs	(239)	(135)	(64)	(49)	(11)	(5)	—	—	(314)	(190)
Actuarial adjustments to liabilities	(69)	22	—	—	(3)	—	—	—	(72)	22
Deferred income tax equivalents	(42)	50	67	(10)	(25)	(40)	—	—	—	—
Dividends and tax equivalents treated as capital returns	50	660	—	—	—	—	(50)	(660)	—	—
Other	(34)	(317)	(10)	11	34	(903)	702	3,545	692	2,335
Continuing Operations										
Total Other Economic Flows										
Included in Operating Result	(384)	348	(210)	(156)	2,089	2,040	652	2,885	2,147	5,117
Continuing Operations										
Operating Result	1,368	3,173	1,684	2,243	279	657	(1,257)	1,196	2,074	7,269
Other Economic Flows										
Other Movements in Equity										
Adjustments to opening balances	—	(17)	—	10	—	—	—	—	—	(7)
Revaluations	(647)	3,733	1,238	207	5	5	(1,246)	(774)	(650)	3,172
Other	—	(1)	—	—	—	—	—	—	—	(1)
Total Other Economic Flows										
Other Movements in Equity	(647)	3,716	1,238	217	5	5	(1,246)	(774)	(650)	3,164
Comprehensive Result	721	6,889	2,922	2,460	284	662	(2,503)	423	1,423	10,433

* See Note 1(c) for explanation of sectors.

Notes to the Financial Statements

2. Disaggregated information continued

	<i>General Government*</i>		<i>Public Non-financial Corporations*</i>		<i>Public Financial Corporations*</i>		<i>Consolidation Adjustments</i>		<i>Total State</i>	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Transactions With Owners In Their Capacity as Owners										
Ordinary dividends provided or paid	—	—	(1,849)	(1,647)	(60)	(41)	1,909	1,688	—	—
Dividends treated as capital returns paid or provided	—	—	(50)	(160)	—	(500)	50	660	—	—
Equity injections/(withdrawals)	—	—	(8)	(100)	—	603	8	(503)	—	—
Total Transactions With Owners In Their Capacity as Owners	—	—	(1,907)	(1,906)	(60)	61	1,967	1,845	—	—
Total Change In Net Worth	721	6,889	1,015	553	224	723	(536)	2,268	1,423	10,433
KEY FISCAL AGGREGATES										
Net Operating Balance	1,753	2,825	1,893	2,398	(1,810)	(1,383)	(1,909)	(1,688)	(73)	2,152
<i>Less</i> Net Acquisition/(Disposal) of Non-Financial Assets										
Purchases of non-financial assets	5,127	4,620	2,509	2,708	15	23	8	(36)	7,659	7,314
<i>Less</i> Sales of non-financial assets	291	389	47	71	8	14	—	—	347	474
<i>Less</i> Depreciation	3,325	3,068	2,480	2,412	35	43	—	—	5,839	5,523
<i>Plus</i> Change in inventories	13	—	36	4	—	—	—	—	49	4
<i>Plus</i> Other movement in non-financial assets	815	1,103	79	68	—	—	—	—	894	1,171
<i>Equals</i> Total Net Acquisition/(Disposal) of Non-Financial Assets	2,339	2,265	97	297	(27)	(34)	8	(36)	2,417	2,493
<i>Equals</i> Fiscal Balance	(586)	560	1,797	2,101	(1,783)	(1,349)	(1,917)	(1,652)	(2,490)	(341)

* See Note 1(c) for explanation of sectors.

2. Disaggregated information continued

Balance Sheet														
Assets	General Government*						Public Non-financial Corporations*		Public Financial Corporations*		Consolidation Adjustments		Total State	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Financial Assets														
Cash and deposits	1,298	1,027	581	1,464	749	2,257	(1,427)	(2,162)	1,201	2,586				
Receivables and loans														
Receivables	4,750	4,873	1,580	1,587	334	369	(2,242)	(2,582)	4,422	4,247				
Advances paid	629	633	2,284	1,348	—	—	(2,291)	(1,353)	622	628				
Loans paid	207	180	122	130	81,962	85,113	(72,537)	(75,382)	9,754	10,040				
Securities other than shares	32,639	33,589	360	640	57,552	56,732	(29,766)	(30,799)	60,785	60,162				
Shares and other equity investments														
Investments in public sector entities	23,120	21,882	—	—	—	—	(23,120)	(21,882)	—	—				
Investments in other entities	8	8	238	301	—	—	—	—	245	309				
Investments accounted for using equity method	147	146	—	—	—	—	—	—	147	147				
Total Financial Assets	62,797	62,337	5,165	5,471	140,598	144,471	(131,385)	(134,160)	77,176	78,119				
Non-Financial Assets														
Inventories	524	509	693	648	—	—	—	—	1,216	1,157				
Assets held for sale	184	122	29	7	59	92	—	—	272	221				
Investment properties	371	366	314	310	—	—	—	—	685	675				
Property, plant and equipment	198,609	198,852	61,196	60,002	81	71	—	—	259,886	258,925				
Intangibles	806	763	684	668	38	35	—	—	1,528	1,466				
Deferred tax assets	6,420	6,186	536	749	46	45	(7,002)	(6,981)	—	—				
Other non-financial assets	935	686	169	207	13	12	(46)	(82)	1,070	822				
Total Non-Financial Assets	207,850	207,484	63,619	62,591	238	254	(7,049)	(7,063)	264,658	263,266				
Total Assets	270,647	269,821	68,784	68,062	140,836	144,725	(138,433)	(141,223)	341,834	341,385				

* See Note 1(c) for explanation of sectors.

2. Disaggregated information continued

	General Government*		Public Non-financial Corporations*		Public Financial Corporations*		Consolidation Adjustments		Total State	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Liabilities										
Payables	4,396	4,183	3,495	3,413	241	734	(2,216)	(2,562)	5,916	5,767
Employee benefit obligations										
Superannuation liability	26,000	26,047	(368)	(335)	—	—	—	—	25,632	25,712
Other employee benefits	5,974	5,608	769	761	133	111	—	—	6,876	6,481
Deposits held	2	3	15	17	6,111	7,182	(1,427)	(2,162)	4,701	5,040
Borrowings and advances										
Advances received	2,747	1,830	7	7	—	—	(2,291)	(1,353)	462	485
Borrowings	31,408	33,240	37,708	37,748	325	334	(66,964)	(69,107)	2,477	2,216
Securities and derivatives	122	—	283	896	126,069	129,103	(29,766)	(30,799)	96,708	99,200
Deferred tax liabilities	582	794	6,331	6,126	88	60	(7,001)	(6,980)	—	—
Provisions	2,635	1,922	859	825	3,629	3,181	(31)	(24)	7,092	5,904
Other liabilities	1,073	1,206	780	714	22	27	(43)	(79)	1,833	1,868
Total Liabilities	74,939	74,833	49,879	50,172	136,619	140,732	(109,739)	(113,065)	151,698	152,672
Net Assets	195,708	194,988	18,905	17,890	4,216	3,993	(28,694)	(28,157)	190,135	188,712
Net Worth										
Contributed equity	—	—	7,695	7,703	640	640	(8,335)	(8,343)	—	—
Accumulated surplus/(deficit)	89,705	87,740	(298)	(155)	1,740	1,834	(5,675)	(6,377)	85,472	83,042
Reserves	106,004	107,247	11,507	10,342	1,837	1,519	(14,684)	(13,438)	104,664	105,671
Total Net Worth	195,708	194,988	18,905	17,890	4,216	3,993	(28,694)	(28,158)	190,135	188,712
KEY FISCAL AGGREGATES										
Net Financial Worth	(12,141)	(12,496)	(44,715)	(44,701)	3,979	3,738	(21,645)	(21,094)	(74,523)	(74,553)
Net Financial Liabilities	35,261	34,377	N/A	N/A	N/A	N/A	N/A	N/A	74,523	74,553
Net Debt	(494)	(355)	34,667	35,087	(7,759)	(7,482)	5,574	6,275	31,988	33,525

* See Note 1(c) for explanation of sectors.

Sales of investments	4,549	2,504	93	173	51,478	34,817	(3,319)	(1,841)	52,801	35,653
Purchases of investments	(5,644)	(5,128)	(21)	(57)	(48,177)	(34,264)	2,286	2,255	(51,556)	(37,194)
Financial Assets (Liquidity Purposes)	(1,095)	(2,624)	71	116	3,301	553	(1,033)	414	1,244	(1,541)
Net Cash Flows from Investing Activities	(5,396)	(5,900)	(3,379)	(4,621)	2,794	544	(102)	1,550	(6,084)	(8,428)

* See Note 1(c) for explanation of sectors.

Notes to the Financial Statements

2. Disaggregated information continued

	<i>General Government*</i>		<i>Public Non-financial Corporations*</i>		<i>Public Financial Corporations*</i>		<i>Consolidation Adjustments</i>		<i>Total State</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Cash flows from Financing Activities										
Advances received (net)	905	1,315	(1)	(1)	—	—	(939)	(1,344)	(34)	(30)
Proceeds of borrowing (net)	(396)	(1,127)	(32)	768	294	13	(20)	1	(153)	(345)
Dividends paid (net)	—	—	(1,658)	(747)	(41)	(109)	1,699	857	—	—
Deposits received (net)	7	—	(2)	(3)	(1,094)	349	733	(59)	(356)	288
Other financing (net)	—	—	(138)	(692)	(2,263)	1,106	1,033	(176)	(1,369)	238
Net Cash Flows from Financing Activities	517	188	(1,831)	(675)	(3,104)	1,359	2,506	(722)	(1,912)	151
Net increase/(decreased) in Cash Held	271	(35)	(883)	(79)	(1,508)	924	735	(59)	(1,385)	752
Cash at the beginning of the financial year	1,027	1,062	1,464	1,542	2,257	1,334	(2,162)	(2,104)	2,586	1,833
Cash and Cash Equivalents Held at the End of the Financial Year	1,298	1,028	581	1,464	749	2,257	(1,427)	(2,163)	1,201	2,586
KEY FISCAL AGGREGATES										
Net Cash from Operating Activities	5,150	5,678	4,327	5,217	(1,197)	(980)	(1,669)	(887)	6,611	9,029
Net Cash Flow from Investments in Non-Financial Assets	(4,835)	(4,230)	(2,462)	(2,637)	(8)	(9)	(8)	36	(7,313)	(6,840)
Dividends Paid	—	—	(1,658)	(747)	(41)	(109)	1,699	857	—	—
CASH SURPLUS/(DEFICIT)	315	1,448	207	1,834	(1,246)	(1,098)	22	7	(702)	2,189

* See Note 1(c) for explanation of sectors.

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M
3. Taxation revenue				
Stamp Duties				
Transfer	3,023	3,278	3,023	3,278
Motor vehicles	543	514	543	514
Insurance	894	854	894	854
Other duties	37	37	37	37
	4,498	4,684	4,498	4,684
Payroll tax	3,906	3,695	3,800	3,587
Vehicle registration fees	1,770	1,681	1,770	1,681
Gaming taxes and levies	1,190	1,127	1,190	1,127
Land tax	1,180	1,082	1,162	1,065
Fire levy	512	484	512	484
Guarantee fees	138	115	—	—
Other taxes	51	52	51	52
	13,244	12,919	12,983	12,680

Taxation 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); and/or
- the assessment is issued as a result of Commissioner-assessed transactions or following compliance activities such as reviews and audits.

4. Grants revenue				
Commonwealth				
General purpose payments				
GST revenue grants	15,129	13,939	15,129	13,939
Other general purpose payments	32	27	45	40
Specific purpose payments	7,218	6,699	7,221	6,691
National partnership payments	2,159	3,229	2,159	3,229
Grants for on-passing to non-Queensland Government entities	3,023	3,084	3,023	3,084
	27,560	26,977	27,576	26,982
Other				
Other grants	199	178	118	88
Industry/community contributions	208	228	229	254
	406	406	347	342
	27,966	27,384	27,923	27,324

Commonwealth and other grants are recognised as revenue when the State obtains control over the grant, usually upon receipt. Where the grant is of a reciprocal nature, revenue is recognised as and when the obligation is fulfilled.

5. Sales of goods and services				
User charges				
Sale of goods and services	3,837	3,684	15,745	15,966
Rental income	561	533	692	671
	4,398	4,217	16,436	16,637
Fees				
Transport and other licences and permits	790	739	788	737
Other regulatory fees	696	686	1,080	985
	1,485	1,425	1,868	1,723
	5,884	5,642	18,304	18,360

To the extent practicable, revenue from the sale of goods and services, fines and regulatory fees is recognised when the transactions or events giving rise to the revenue occur.

When revenue has been received in advance for services or works still to be completed at balance date, this revenue is considered to be unearned and is reported in other liabilities (refer Note 39).

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M
6. Interest income				
Interest on fixed rate notes	2,095	2,066	—	—
Distributions from managed funds	101	120	440	452
Other interest	193	165	1,128	1,099
	<u>2,389</u>	<u>2,351</u>	<u>1,569</u>	<u>1,551</u>
Interest revenue from financial assets other than those at fair value through profit and loss totalled:	2,286	2,228	140	134
7. Dividend and income tax equivalents income				
Dividends	1,909	1,688	14	14
Income tax equivalents	1,010	988	—	—
	<u>2,920</u>	<u>2,675</u>	<u>14</u>	<u>14</u>
For the GGS, dividends from PNFC and PFC sector entities are recorded as revenue from transactions where the dividends are declared out of current profits. Dividends paid out of prior accumulated profits and reserves or from the sale of businesses represent a return of Government's initial equity investment under ABS GFS principles and are disclosed as other economic flows (refer Note 19).				
Dividends from the PNFC and PFC sectors are eliminated in the TSS.				
8. Other revenue				
Royalties	4,295	3,874	4,295	3,874
Land rents	162	127	163	127
Donations, gifts and services received at below fair value	133	100	134	100
Contributed assets	302	435	381	503
Fines	411	375	411	375
Other	382	312	847	694
	<u>5,685</u>	<u>5,223</u>	<u>6,231</u>	<u>5,674</u>
Royalties are recognised when one or more of the following events are satisfied:				
<ul style="list-style-type: none"> 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); and/or the assessment is issued as a result of Commissioner-assessed transactions or following compliance activities such as reviews and audits. 				
Assets received at below fair value, including those received free of charge and that can be measured reliably, are recognised as revenue at their fair value when control over the assets is obtained, normally either on receipt of the assets or on notification that the assets have been secured.				
9. Employee expenses				
Salaries and wages	19,928	18,646	21,526	20,176
Annual leave	1,806	1,724	1,948	1,863
Long service leave	508	470	560	515
Workers' compensation	236	223	10	11
Other employee related expenses	199	194	312	278
	<u>22,678</u>	<u>21,258</u>	<u>24,355</u>	<u>22,843</u>
10. Other superannuation expenses (refer Note 48 for additional disclosures)				
Accumulation contribution	1,839	1,709	2,046	1,931
Defined benefit service cost	905	952	938	990
	<u>2,744</u>	<u>2,661</u>	<u>2,984</u>	<u>2,921</u>

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
11. Other operating expenses				
Supplies and services	13,977	12,965	18,514	17,122
Transport service contract	1,652	1,581	—	—
Workcover Qld and other claims	590	131	2,249	1,776
Other expenses	1,038	901	904	916
	<u>17,258</u>	<u>15,579</u>	<u>21,667</u>	<u>19,814</u>
Audit fees charged by the Queensland Audit Office to entities included in these financial statements amounted to:	13	14	19	20
12. Depreciation and amortisation				
Depreciation and amortisation expenses for the financial year were charged in respect of:				
Buildings	1,469	1,360	1,576	1,475
Infrastructure	979	918	2,902	2,745
Plant and equipment	588	537	942	901
Major plant and equipment	21	21	70	83
Heritage and cultural assets	37	30	37	30
Leased plant and equipment	79	68	79	68
Software development	151	133	258	244
Capitalised depreciation expense	—	—	(25)	(23)
	<u>3,325</u>	<u>3,068</u>	<u>5,839</u>	<u>5,523</u>

A number of assets held by the State have been determined to have indefinite useful lives and are therefore not depreciated. Such assets include land, certain road formation earthworks, the Reference Collection of the Library Board of Queensland, the Art Collection and Library Heritage Collection held by the Queensland Art Gallery Board of Trustees, the State Collection and Library Heritage Collection of the Board of the Queensland Museum and certain other heritage and cultural assets that are subject to preservation requirements to maintain these assets in perpetuity.

Other non-financial assets are depreciated or amortised on a straight-line basis from their date of acquisition (or in respect of internally constructed assets, from the time the asset is completed and held ready for use) and based on their estimated useful lives to the agency.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly. Any expenditure which increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable value is depreciated over the remaining useful life of the asset.

Leasehold improvements are amortised over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is shorter. The unexpired period of the lease includes any option period where exercise of the option is reasonably certain.

Capital work in progress is not depreciated until it reaches service delivery capacity.

Major spares purchased specifically for particular assets are capitalised and depreciated on the same basis as the asset to which they relate.

Estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

Reference should be made to individual agency reports for details of depreciation and amortisation methodologies. The following provides an indication of the estimated useful lives of the different non-financial asset classes held by the State:

<u>Asset class</u>	<u>Useful life</u>
<i>Property, plant and equipment</i>	
Buildings	1 - 167 years
Plant and equipment	1 - 100 years
Infrastructure assets	up to 200 years
Heritage and cultural assets	1 - indefinite
<i>Intangibles</i>	
Computer software	1 - 28 years
Other intangibles (including intellectual property, licences and access rights)	1 - 150 years

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M
13. Other interest expense				
Interest	1,487	1,608	4,007	3,822
Finance charges relating to finance leases	103	88	103	90
Other	24	25	17	29
	<u>1,614</u>	<u>1,722</u>	<u>4,127</u>	<u>3,940</u>
Interest and other finance charges are recognised as expenses in the period in which they are incurred.				
Interest expense on financial liabilities other than those at fair value through profit and loss amounts to:	1,614	1,722	247	186
14. Grants expenses				
Grants - recurrent	5,917	6,362	5,872	6,338
Grants - capital	1,251	1,221	1,207	1,192
Grants to first home owners	195	158	195	158
Personal benefit payments	195	202	195	202
Community service obligations	490	615	—	—
Other grants	—	9	—	9
	<u>8,048</u>	<u>8,568</u>	<u>7,469</u>	<u>7,900</u>
15. Gains/(losses) on sale of assets/settlement of liabilities				
Gains/(losses) on sale of financial assets/settlement of liabilities				
Gains/(losses) on sale of available-for-sale financial assets	1	1	1	1
Gains/(losses) on sale of derivatives	—	—	96	(216)
Gains/(losses) on sale of other investments/settlement of liabilities	(5)	—	56	78
Gains/(losses) on sale of non-financial assets				
Gains/(losses) on sale of non-financial assets	33	11	25	(12)
Gains/(losses) on sale of intangibles	(1)	—	(1)	—
	<u>29</u>	<u>12</u>	<u>177</u>	<u>(150)</u>
16. Revaluation increments/(decrements) and impairment (losses)/reversals				
Revaluation increments/(decrements) of financial assets				
Revaluation increments/(decrements) - derivatives	(122)	—	(258)	479
Revaluation increments/(decrements) - other investments (mainly managed funds)	23	25	1,994	2,378
	<u>(99)</u>	<u>25</u>	<u>1,736</u>	<u>2,856</u>
Revaluation increments/(decrements) of non-financial assets				
Revaluation increments/(decrements) - investment property	(12)	7	(17)	15
Revaluation increments/(decrements) - other non-current assets	—	—	7	(1)
	<u>(12)</u>	<u>7</u>	<u>(10)</u>	<u>14</u>
Revaluation increments/(decrements) - environmental certificates/obligations	—	—	1	(13)
Revaluation increments/(decrements) - self generating and regenerating assets	3	4	3	4
Impairment (losses)/reversals				
Impairment (losses)/reversals - receivables and loans	35	21	28	20
Impairment (losses)/reversals - assets held for sale	(6)	—	(6)	—
Impairment (losses)/reversals - non-financial assets	—	—	(87)	217
Impairment (losses)/reversals - intangible assets	(1)	—	(1)	—
	<u>28</u>	<u>21</u>	<u>(66)</u>	<u>237</u>
	<u>(79)</u>	<u>57</u>	<u>1,665</u>	<u>3,099</u>

At each reporting date, an assessment is undertaken as to whether there are any indications that an asset is impaired. An impairment loss is recognised when an asset's carrying amount exceeds its recoverable amount. The recoverable amount of the impaired asset is determined as the higher of the asset's fair value less costs to sell and value in use. Value in use is based on discounted cash flows using a risk adjusted discount rate where assets are held primarily for the generation of cash flows.

16. Revaluation increments/(decrements) and impairment (losses)/reversals continued

The carrying values of assets that have previously been impaired are assessed annually to determine if there has been a reversal in impairment. Where this exists, the impairment is reversed only to the extent that the re-assessed value does not exceed the original carrying value net of the depreciation and amortisation. Impairment on goodwill is not reversed.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the State and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Impairment - electricity generators

The value-in-use of electricity generators is determined on the estimated future cash flows based on the continuing use of the asset, discounted to a present value.

The cash flow projections are prepared using forecast economic, market and industry trends, market based assumptions (such as demand, pricing and operational costs), and capital expenditure programs that willing market participants might reasonably adopt. The present value of projected cash flows is determined using a discount rate which is based on the weighted-average cost of capital (WACC). Determination of the WACC is based on separate analysis of debt and equity costs, utilising information (some of which is publicly available), including the risk free interest rate, an industry risk premium, and the underlying cost of debt.

Stanwell recognised an impairment loss of \$67 million in 2018, representing the write-down to recoverable amount for the Swanbank Power Station Cash Generating Unit (CGU).

CS Energy recognised the reversal of an asset impairment of \$242 million in the 2016-17 financial year relating to the Callide B and Callide C Power Station assets.

Impairment - water assets

Queensland Bulk Water Supply Authority (Seqwater) charges South East Queensland distributor-retailers, local governments and other customers for the supply of bulk water, with bulk water prices passed through to customers. From 2007-08, a price path was implemented to phase-in price rises associated with the construction of the South East Queensland water grid. Under the price path, prices progressively transition to full cost recovery, with the under-recovery of costs funded by debt until 2018-19. Price path debt will be repaid over the following period ending in 2027-28.

The 2018-21 Bulk Water Price Review, finalised in 2018, expects that most South East Queensland councils will see prices increase by 3.5% per year for the next three years, with common price reached by 2021-22.

Seqwater has performed an impairment assessment on its bulk water asset base reflecting the three most likely bulk water pricing scenarios up to and post 2028, consistent with the previous year's methodology, and no impairment is necessary.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset.

Evidence of impairment may include significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation and payment default or delinquency in interest or principal payments. All financial assets, except for those measured at fair value through profit or loss, are subject to annual review for impairment, in accordance with AASB 139. The amount of the impairment loss is recognised in other economic flows included in the operating result. Receivables are assessed regularly for bad and doubtful debts. Bad debts are written off as they are incurred.

For financial assets carried at amortised cost, the carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The adjustment is recognised in other economic flows included in the operating result.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in other economic flows included in the operating result.

Queensland Treasury recognised an impairment loss reversal of \$71 million (2017: \$14 million) as a result of a review into collection rates in relation to State Penalties Enforcement Registry (SPER) fines receivable.

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M
17. Asset write-downs				
Bad debts written off not previously impaired	(225)	(115)	(266)	(166)
Inventory write-down (net)	(6)	(17)	(9)	(20)
Other assets written off/scrapped	(8)	(4)	(39)	(4)
	<u>(239)</u>	<u>(135)</u>	<u>(314)</u>	<u>(190)</u>
18. Actuarial adjustments to liabilities				
Long service leave - gains/(losses)	(94)	(15)	(94)	(15)
Insurances and other - gains/(losses)	25	37	22	37
	<u>(69)</u>	<u>22</u>	<u>(72)</u>	<u>22</u>
19. Dividends and tax equivalents treated as capital returns				
Dividends	50	660	—	—
	<u>50</u>	<u>660</u>	<u>—</u>	<u>—</u>
For GGS, dividends and tax equivalents from PNFC and PFC sector entities paid out of prior accumulated profits and reserves or from the sale of businesses represent a return of Government's initial equity investment under ABS GFS principles and are disclosed as other economic flows.				
There were no tax equivalents treated as capital returns in 2017-18 or 2016-17.				
Dividends and tax equivalents treated as capital returns from the PNFC and PFC sectors are eliminated in the Total State Sector.				
20. Other economic flows - included in operating result - other				
Net market value interest revenue/(expense)	—	(304)	736	2,336
Time value adjustments	(33)	(8)	(69)	(28)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	(2)	(3)	(2)	(3)
Onerous contracts expense	—	—	39	44
Other economic flows not elsewhere classified	1	(3)	(12)	(14)
	<u>(34)</u>	<u>(317)</u>	<u>692</u>	<u>2,335</u>
21. Other economic flows - other movements in equity - revaluations				
Revaluations of financial assets - increments/(decrements)				
Available-for-sale financial assets	(1)	(3)	(1)	(3)
Investments	1,259	780	13	6
Cash flow hedges	108	5	308	(241)
	<u>1,366</u>	<u>782</u>	<u>320</u>	<u>(238)</u>
Revaluations of non-financial assets - increments/(decrements)				
Property, plant and equipment	(1,928)	1,803	(921)	2,126
Actuarial gain/(loss) on defined benefit superannuation plans	(85)	1,149	(49)	1,283
	<u>(647)</u>	<u>3,733</u>	<u>(650)</u>	<u>3,172</u>

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
22. Other economic flows - other movements in equity - other				
Equity transfers and adjustments including those from ceased entities	<u>—</u>	<u>(1)</u>	<u>—</u>	<u>(1)</u>
23. Cash and deposits				
Cash	232	7	511	1,383
Deposits on call	39	58	689	1,203
QTC cash funds	1,028	962	—	—
	<u>1,298</u>	<u>1,027</u>	<u>1,201</u>	<u>2,586</u>
Reconciliation to Cash Flow Statement				
Balances as above	1,298	1,027	1,201	2,586
Balances per Cash Flow Statement	<u>1,298</u>	<u>1,027</u>	<u>1,201</u>	<u>2,586</u>

All material cash balances held by agencies are managed and invested by QTC daily to maximise returns in accordance with agreed risk profiles on a whole of Government basis.

Cash and deposits includes cash on hand, cash at bank, deposits at call (which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value) and money market deposits, net of outstanding bank overdrafts. Where a net overdraft arises on cash at bank, the overdraft is included in Borrowings on the Balance Sheet.

24. Receivables and loans

Receivables and loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans include finance leases and loans supporting policy objectives of the Government rather than for liquidity management purposes. Settlement on finance leases is within the terms of the lease, ranging from 2 to 99 years. Title is passed to the purchaser on full repayment.

Receivables and loans are initially measured at fair value plus any directly attributable transaction costs. Subsequently, receivables and loans (except onlendings) are recorded at amortised cost using the effective interest method less any impairment losses (receivables and loans are assessed periodically for impairment). The effective interest rate is the rate that exactly discounts estimated future cash flows over the expected life of a financial instrument (or when appropriate, a shorter period) to the net carrying amount of that instrument. Onlendings are recognised at fair value through profit or loss.

Any interest income is recognised in the operating result in the period in which it accrues. For further details on the State revenue recognition policies, refer to the relevant revenue notes (Notes 3 to 8) and Note 16 for impairment.

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
(a) Receivables				
Current				
Trade debtors	1,056	858	2,596	2,346
Interest receivable	12	15	14	17
GST input tax credits receivable	268	258	302	285
Dividends and guarantee fees receivable	1,930	2,213	—	—
Royalties and land rents revenue receivable	19	149	19	149
Taxes receivable	265	260	269	263
Income tax equivalents receivable	221	236	—	—
Other receivables	1,452	1,424	1,583	1,597
	<u>5,223</u>	<u>5,413</u>	<u>4,782</u>	<u>4,657</u>
Less: Allowance for doubtful debts/impairment losses	583	628	627	667
	<u>4,640</u>	<u>4,785</u>	<u>4,156</u>	<u>3,991</u>

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M
24. Receivables and loans continued				
(a) Receivables continued				
Non-current				
Trade debtors	38	35	88	88
Other	97	84	204	199
	136	118	292	287
Less: Allowance for doubtful debts/impairment losses	26	31	26	31
	<u>110</u>	<u>88</u>	<u>266</u>	<u>256</u>
	<u>4,750</u>	<u>4,873</u>	<u>4,422</u>	<u>4,247</u>
(b) Advances paid				
Current				
Advances	103	126	102	125
Less: Allowance for doubtful debts/impairment losses	11	10	11	10
	<u>92</u>	<u>116</u>	<u>92</u>	<u>115</u>
Non-current				
Advances	540	520	536	516
Less: Allowance for doubtful debts/impairment losses	4	3	6	3
	<u>536</u>	<u>517</u>	<u>530</u>	<u>512</u>
	<u>629</u>	<u>633</u>	<u>622</u>	<u>628</u>
(c) Loans paid				
Current				
Finance leases	9	9	10	10
Other loans	53	14	60	21
	<u>62</u>	<u>23</u>	<u>70</u>	<u>31</u>
Non-current				
Onlendings	—	—	9,425	9,731
Finance leases	71	78	176	185
Other loans	75	79	82	93
	<u>145</u>	<u>157</u>	<u>9,684</u>	<u>10,010</u>
	<u>207</u>	<u>180</u>	<u>9,754</u>	<u>10,040</u>
Finance lease receivables due:				
Not later than 1 year	10	11	16	17
Later than 1 year but not later than 5 years	30	33	56	59
Later than 5 years	45	50	227	239
	<u>85</u>	<u>94</u>	<u>300</u>	<u>315</u>
Less: Future finance revenue	5	7	113	120
	<u>80</u>	<u>87</u>	<u>186</u>	<u>195</u>
(d) Minimum operating lease payments receivable not recognised in the financial statements:				
Not later than 1 year	20	20	75	74
Later than 1 year but not later than 5 years	76	74	241	234
Later than 5 years	165	148	835	770
	<u>261</u>	<u>242</u>	<u>1,150</u>	<u>1,077</u>

Notes to the Financial Statements

24. Receivables and loans continued

(e) Impairment of receivables and loans

In accordance with AASB 7 *Financial Instruments: Disclosures*, details of ‘Past due but not impaired’ and ‘Individually impaired’ receivables and loans are included in the tables below. This information has been sourced from GGS and TSS entities with material receivables and loans balances. Individually impaired excludes general provisions, mainly relating to SPER debt, which are included in Note 24(a).

General Government Sector					
	<i>1 Month or Less</i>	Past due not impaired		<i>Over 3 Months</i>	Individually Impaired
		<i>1 to 2 Months</i>	<i>2 to 3 Months</i>		
As at 30 June 2018	\$ M	\$ M	\$ M	\$ M	\$ M
Trade receivables	32	11	18	32	167
Other receivables and loans	64	28	34	686	63
	<u>96</u>	<u>39</u>	<u>52</u>	<u>718</u>	<u>229</u>
As at 30 June 2017					
Trade receivables	29	12	20	33	156
Other receivables and loans	87	32	21	695	61
	<u>115</u>	<u>43</u>	<u>41</u>	<u>727</u>	<u>217</u>
Total State Sector					
	<i>1 Month or Less</i>	Past due not impaired		<i>Over 3 Months</i>	Individually Impaired
		<i>1 to 2 Months</i>	<i>2 to 3 Months</i>		
As at 30 June 2018	\$ M	\$ M	\$ M	\$ M	\$ M
Trade receivables	31	11	18	32	167
Other receivables and loans	64	28	34	686	63
	<u>95</u>	<u>39</u>	<u>52</u>	<u>718</u>	<u>229</u>
As at 30 June 2017					
Trade receivables	28	12	20	32	156
Other receivables and loans	87	32	21	695	61
	<u>115</u>	<u>43</u>	<u>41</u>	<u>727</u>	<u>217</u>

General Government Sector		Total State Sector	
2018	2017	2018	2017
\$M	\$M	\$M	\$M

25. Securities and shares					
(a) Securities other than shares					
Current					
Term deposits		92	160	92	160
Rental Purchase Plan		6	5	6	5
Securities/bonds		398	357	7,613	6,267
Fixed rate notes		4,190	3,620	—	—
Investments managed by QIC Limited*		1,315	1,139	7,591	6,377
Derivatives					
Derivatives - cash flow hedges		—	—	32	43
Other derivatives		1	—	159	528
Other		15	19	5,315	5,848
		<u>6,017</u>	<u>5,300</u>	<u>20,808</u>	<u>19,228</u>

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
25. Securities and shares				
(a) Securities other than shares continued				
Non-current				
Term deposits	166	194	166	194
Rental Purchase Plan	182	182	182	182
Securities/bonds	—	—	7,364	6,812
Fixed rate notes	25,577	27,179	—	—
Investments managed by QIC Limited*	617	656	31,273	32,584
Derivatives				
Derivatives - cash flow hedges	—	—	74	57
Other derivatives	—	—	148	229
Other	81	78	770	877
	<u>26,622</u>	<u>28,289</u>	<u>39,977</u>	<u>40,935</u>
	<u>32,639</u>	<u>33,589</u>	<u>60,785</u>	<u>60,162</u>

* Total State investments managed by QIC Limited were allocated over the following categories:

Cash	9,004	8,625
Fixed interest	6,577	7,799
Global equities	7,845	7,123
Property and infrastructure	6,517	5,665
Other	8,922	9,748
	<u>38,864</u>	<u>38,960</u>

(b) Investments in public sector entities

General Government Sector investment in public sector entities	<u>23,120</u>	<u>21,882</u>
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The GGS has equity investments in PNFCs and PFCs that are measured as the Government's proportional share of the carrying amount of net assets of the PNFC and PFC Sector entities on a GAAP basis. Investments in public sector entities on this basis differ from valuations under GFS. Refer to Note 51 for the reconciliation to GFS.

Note 1(c) outlines the functions of the PNFC and PFC sectors. Refer to Note 50 for a comprehensive list of entities within each sector. Investments in the PNFC and PFC Sectors are eliminated on consolidation of the TSS.

(c) Investments in other entities - shares in entities that are not controlled or associated

Investments in entities that are neither controlled/jointly controlled by, nor associates of, the Government are valued at fair value with changes in valuation of these investments treated in a manner consistent with AASB 139 *Financial Instruments: Recognition and Measurement*.

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
Current				
Shares at fair value through profit or loss	—	—	238	294
Non-current				
Shares at fair value through profit or loss	7	7	7	7
Available-for-sale shares	1	1	1	8
	<u>8</u>	<u>8</u>	<u>8</u>	<u>14</u>
	<u>8</u>	<u>8</u>	<u>245</u>	<u>309</u>

The State's securities and shares in (a), (b) and (c) above are classified as either held-to-maturity investments, available-for-sale financial assets or financial assets at fair value through profit or loss. The carrying amount of financial assets in each of the categories is disclosed in Note 47.

25. Securities and shares continued

(c) Investments in other entities - shares in entities that are not controlled or associated continued

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity where the State has the intention and ability to hold such investments to maturity. Held-to-maturity investments are initially recognised at fair value plus any directly attributable transaction costs. Subsequently, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

If a class of held-to-maturity investments is tainted or the State fails to keep these investments to maturity other than for specific circumstances explained in AASB 139, it will be required to reclassify the whole class as available-for-sale. The State would also not be able to classify any financial assets as held-to-maturity for the following two annual reporting periods.

Held-to-maturity financial assets primarily comprise term deposits and fixed rate notes with QTC. It is the State's intention to hold these investments until maturity. Deposits and fixed rate notes held with QTC are eliminated on consolidation of the TSS.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or that are not classified as other categories of financial assets. Such assets are measured at fair value with unrealised gains/losses recognised directly in equity, except for impairment losses and foreign exchange losses on monetary available-for-sale financial assets which are recognised as other economic flows in the operating result. For GGS, investments in other public sector entities are classified as available-for-sale.

TSS available-for-sale financial assets include bank bonds, corporate bonds, Government bonds and share investments.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss at balance date if they are classified as held for trading or designated so upon initial recognition. Financial assets at fair value through profit or loss are valued at fair value at balance date. Unrealised gains and losses are brought to account as other economic flows included in the operating result.

Financial assets at fair value through profit or loss held by the State include money market deposits, discount securities, Commonwealth and State securities, floating rate notes, medium term notes, fixed interest deposits, interests in Rental Purchase Plan agreements and the Pathways Shared Equity program, investments managed by QIC Limited, other investments in managed funds, shares and derivatives. The accounting policy for derivatives is further discussed in Note 37.

26. Other investments

Investments in other entities refer to claims on other entities (or arrangements) entitling the State to a share of the income of the entity and a right to a share of the residual assets of the entity should it be wound up (in the case of associates and joint ventures) or a share of revenue, expenses, assets and liabilities of the arrangement (in the case of joint operations). These investments are held at fair value.

There are two main categories:

- investments accounted for using the equity method (investments in associates and joint ventures); and
- investments in joint operations.

(a) Investments accounted for using the equity method

Associates are those entities over which the State has significant influence but not control. Joint ventures are joint arrangements whereby the State has joint control and rights to the net assets of the arrangements. Such entities are accounted for using the equity method of accounting in accordance with AASB 128 *Investments in Associates and Joint Ventures*. The State's share of its associates' or joint ventures' post-acquisition profits or losses (less dividends) is recognised in the Operating Statement as an other economic flow and its share of post-acquisition movements in reserves is recognised in the reserves. The cumulative post-acquisition movements are recognised against the carrying amount of the investment. Dividends from associates and joint ventures are recognised as revenue from transactions in the Operating Statement.

Notes to the Financial Statements

26. Other investments continued

(a) Investments accounted for using the equity method continued

The following investments held by the State in unlisted associated and joint venture entities are accounted for using the equity method:

<i>Name of entity</i>	<i>Principal activity</i>		<i>Ownership interest</i>		<i>Equity accounted amount</i>	
			<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
			%	%	\$M	\$M
Dumaresq-Barwon Border Rivers Commission	Water management	(i)	50	50	68	68
Translational Research Institute Trust	Medical research and education	(ii)	25	25	76	78
Investments under \$1 million					3	—
General Government Sector					147	146
Total State Sector					147	147

- (i) Dumaresq-Barwon Border Rivers Commission is a joint authority constituted by an agreement between the Queensland and New South Wales governments. Each government holds a 50% interest.
- (ii) Translational Research Institute (TRI) Trust is a Discretionary Unit Trust founded by four members, of which Queensland Health is one. Each founding member holds 25 units in the TRI Trust and equal voting rights. The TRI Trust’s objectives are to operate and manage the TRI Facility to promote medical study, research and education.

(b) Investments in joint operations

Joint operations are joint arrangements whereby the State has control and rights to the assets, and obligations for the liabilities, relating to the arrangements. Such arrangements are accounted for in accordance with AASB 11 *Joint Arrangements* . The State recognises its share of jointly held or incurred assets, liabilities, revenue and expenses in the joint operations.

General Government Sector

Joint arrangements that contribute less than \$5 million in net assets and/or net revenue to the Balance Sheet or Operating Statement are as follows:

Department of State Development, Manufacturing, Infrastructure and Planning

The Department of State Development, Manufacturing, Infrastructure and Planning holds a 50% interest in a joint venture with the Mackay Regional Council to develop residential land within the Andergrove Urban Development Area.

The department also holds a 50% interest in a joint venture with the Redland City Council to facilitate land development within the Toondah Harbour Priority Development Area.

Sunshine Coast Hospital and Health Service

The Sunshine Coast Hospital and Health Service has a 28.9% (2017: 52.6%) interest in the Sunshine Coast Health Institute (SCHI). Griffith University became a partner on 1 October 2017 taking up a 23.7% interest in the SCHI. The Sunshine Coast University Hospital and Tafe Queensland each have a 23.7% (2017: 23.7%) interest in the SCHI. Each joint operator has rights and obligations to the assets, liabilities, revenue and expenses of the SCHI according to their interest in the joint operation.

26. Other investments continued

(b) Investments in joint operations continued

Total State Sector

Joint arrangements for the TSS include the GGS joint arrangements above, in addition to the following:

CS Energy Limited

The following are the joint operations in which CS Energy Limited has an interest:

Name	Principal Activities	2018 Interest	2017 Interest
Callide Power Management Pty Ltd	Joint Operation Manager	50%	50%
Callide Power Trading Pty Ltd	Electricity Marketing Agent	50%	50%
CS Energy Oxyfuel Pty Ltd	Electricity generation	75%	75%

Stanwell Corporation Limited

Stanwell has a 50% (2017: 50%) interest in the Kogan North Joint Venture, a gas development joint operation with Australian CBM Pty Ltd.

In the prior year, Stanwell had a 20.8% interest in the Tarong Hoop Pine Joint Venture with HQPlantations Pty Ltd. In June 2017, Stanwell purchased HQPlantations Pty Ltd and terminated this joint venture.

27. Public private partnerships

In July 2017, the Australian Accounting Standards Board (AASB) issued AASB 1059 *Service Concession Arrangements: Grantors* . At this stage, the standard will be applied in 2019-20 for the first time and gives guidance on accounting for private sector financed infrastructure assets from a grantor’s perspective. In the meantime, the following policies are applied by the State as grantor.

Agreements equally proportionately unperformed arising from Public Private Partnerships (PPPs) are not recognised as assets or liabilities. Instead, the payments under these agreements are expensed systematically over the term of the agreements. Any leasing arrangements are disclosed in accordance with AASB 117 *Leases* . Further, the commitments for future payments under finance leases are also disclosed as commitments in Note 41.

The following PPPs apply to both the GGS and Total State Sector statements.

Employment, Small Business & Training

Southbank Education and Training Precinct

In April 2005, the State Government entered into a contractual arrangement with Axiom Education Queensland Pty Ltd (Axiom) to design, construct, maintain and finance the Southbank Education and Training Precinct for a period of 34 years on State land. This is a social infrastructure arrangement whereby the State pays for the third party use of the asset through regular service payments to Axiom over the life of the contract. The arrangement involved the refurbishment or demolition of existing buildings and the development of new buildings.

Construction work was completed on 31 October 2008 and the State has entered into a Head Lease and Sublease with Axiom. The State will pay abatable, undissected service payments to Axiom for the operation, maintenance and provision of the precinct. At the expiry of the lease in 2039, the buildings will revert to the State for nil consideration. The land on which the facility is constructed is owned and recognised as an asset of the State.

The fair value of the buildings was recognised as a finance lease asset with the corresponding recognition for future payments as a finance lease liability.

Education

(a) South East Queensland schools - Aspire

In April 2009, the State Government entered into a contractual arrangement with Aspire Schools (Qld) Pty Limited (Aspire) to design, construct, maintain and partially finance seven schools of the State for a period of 30 years on the State’s land.

Construction work commenced in May 2009 and was finalised in January 2014. This is a social infrastructure arrangement whereby the State pays for the third party use of the asset through regular service payments to Aspire over the life of the contract.

27. Public private partnerships continued

Education continued

(a) South East Queensland schools - Aspire continued

The State will lease back these schools from Aspire and will pay abatable, undissected service payments to Aspire for the operation, maintenance and provision of the schools. At the expiry of the lease in 2039, the buildings will revert to the State for nil consideration. The land on which the schools are constructed is owned and recognised as an asset of the State.

The fair value of the buildings was recognised as a finance lease asset with the corresponding recognition for future payments as a finance lease liability.

(b) Queensland schools - Plenary

In December 2013, the State Government entered into a contractual arrangement with Plenary Schools Pty Ltd (Plenary) for the construction and management of 10 schools in South East Queensland. This is a social infrastructure arrangement whereby the State pays for the third party use of the asset through regular service payments to Plenary over the life of the contract. The project period is for 30 years and is expected to end in December 2043.

At 30 June 2018, construction of Stage 1A and 1B of nine schools and Stage 2 of six schools have been completed. Under current arrangements the State is scheduled to pay a series of capital contributions during the construction phase of the project totalling \$190 million. These contribution payments result in lower service payments over the period of the concession.

Upon the completion of the construction, the fair value of the buildings will be recognised as a finance lease asset with the corresponding recognition for future payments as a finance lease liability. The land on which the schools are constructed is owned and recognised as an asset of the State.

Queensland Health and Hospital and Health Services (HHSs)

The State Government has entered into a number of contractual arrangements with private sector entities for the construction and operation of public infrastructure facilities for a period of time on State land. After an agreed period of time, ownership of these facilities will pass to Queensland Health or the relevant HHS.

Entity	Facility	Counterparty	Term of Agreement	Commencement Date
Metro North HHS	Butterfield Street car park	International Parking Group Pty Ltd	25 years	January 1998
Metro North HHS	The Prince Charles Hospital car park	International Parking Group Pty Ltd	22 years	November 2000
Metro North HHS	The Prince Charles Hospital Early Education Centre	Queensland Child Care Services Pty Ltd	20 years	April 2007
Metro North HHS	Herston Quarter	Australian Unity	10 years	23 February 2017
Metro South HHS	The Princess Alexandra Hospital multi storey car park	International Parking Group Pty Ltd	25 years	February 2008
Sunshine Coast HHS	Noosa Hospital and Specialist Centre	Ramsay Health Care	20 years	September 1999
Sunshine Coast HHS	Sunshine Coast University Private Services/Facility Hospital	Ramsay Health Care	5 years / 25 years	June 2013/ December 2013
Sunshine Coast HHS	Sunshine Coast University Hospital	Exemplar Health Partnership	25 years	November 2016
Gold Coast HHS	The Gold Coast University Hospital western car park	SurePark Pty Ltd	31 years	July 2010
Townsville HHS	Medilink	Trilogy Funds Management Ltd	30 years	January 2012
Townsville HHS	Goodstart Early Learning	Trilogy Funds Management Ltd	32 years	February 2012

In 2012 the State, represented by the Department of Health, entered into a Public Private Partnership (PPP) with Exemplar Health (EH) to finance, design, build and operate the Sunshine Coast University Hospital (SCUH). During 2016-17 the Department novated all rights and obligations to SCUH as the State representative and legal counterparty to the PPP arrangement. The 25-year operating phase of the PPP commenced on 16 November 2016, this being the date of Commercial Acceptance. Borrowings of \$538m represented the fair value of the liability payable to EH for the construction of SCUH. Other than certain assets contained within the Sunshine Coast Health Institute, SCHHS has full control of all SCUH buildings, land, specialist medical assets and all other equipment. At the end of the 25-year term the assets will remain in the control of SCHHS. These assets are included in buildings as per Note 32. The State has granted EH a licence to undertake car parking operations for the duration of the 25-year operating term which entitles EH to generate revenue from the operations themselves. These car parks are legally owned by SCHHS and recorded in the building asset class.

The State has also entered into a number of contractual arrangements (termed collocation agreements) with private sector entities for the construction and operation of private health facilities for a period of time on State land. After an agreed period of time, ownership of these facilities will pass to the State. The State does not control the facilities associated with these arrangements and accordingly, does not recognise these facilities and any rights or obligations that may attach to these arrangements other than those recognised under generally accepted accounting principles.

27. Public private partnerships continued

Queensland Health and Hospital and Health Services (HHSs) continued

Entity	Facility	Counterparty	Term of Agreement	Commencement Date
Metro North HHS	Caboolture Private Hospital	Affinity Health Ltd	25 years	May 1998
Metro North HHS	Holy Spirit Northside Private Hospital	The Holy Spirit Northside Private Hospital Ltd	66 years	September 1999
Metro North HHS	Herston Imaging Research Facility	The University of Queensland, The Council of the Queensland Institute of Medical Research and The Queensland University of Technology	12 years	April 2013
Metro South HHS	Mater Private Hospital Redland	Sisters of Mercy in Queensland	25 years + 30 years	August 1999
Metro South HHS	Translational Research Institute Building	Translational Research Institute Pty Ltd	30 years + 20 years	May 2013
Metro South HHS	University of Queensland Training Facility – Redland Hospital	University of Queensland	20 years	August 2015
Metro South HHS	University of Queensland Training Facility – Queen Elizabeth II Jubilee Hospital	University of Queensland	20 years	September 2015
Gold Coast HHS	Gold Coast Private Hospital	Healthscope Ltd	50 years	March 2016

Transport and Main Roads

(a) Brisbane Airport Rail Link

The Brisbane Airport Rail Link (BART) is a public passenger rail system built and owned by Airtrain Citylink Limited (Airtrain) to link the Brisbane Domestic and International Airports to the existing Queensland Rail network.

In 1998, the State Government entered into an agreement with Airtrain whereby Airtrain was required to acquire the land for the BART and design, construct, maintain and operate the BART for a concession period of 35 years. At the end of this period, the agreement provides for Airtrain to transfer the BART assets at no cost to the State.

The State Government leases airport land from the Brisbane Airport Corporation and sub-leases the land to Airtrain.

(b) Gold Coast Light Rail - G:link

In May 2011, the State Government entered into a contractual arrangement with GoldLinQ Consortium (GoldLinQ) to finance, design, build, operate and maintain the Gold Coast light rail system linking key activity centres from Griffith University (Gold Coast Campus) and the Gold Coast University Hospital to Broadbeach via Southport. The operation of the system commenced in July 2014. At the end of the 15-year operations period, ownership of the system will be transferred to the State.

GoldLinQ Consortium partially financed construction of the system, with the State providing a capital contribution. During operations, GoldLinQ Consortium will be paid monthly performance based payments for operations, maintenance and repayment of the debt finance used to construct the system. The State will receive fare-box and advertising revenue generated by the system.

In April 2016, the State entered into a contractual arrangement with GoldLinQ for stage two of the Gold Coast Light Rail system. Stage two connects the existing light rail system at Gold Coast University Hospital Light Rail station to heavy rail at the Helensvale station. Stage two of the system commenced operations on 18 December 2017.

(c) AirportLink

In June 2008, the State Government entered into a 45-year service concession arrangement with BrisConnections Operations Pty Ltd and BrisConnections Nominee Company Pty Ltd to design, construct and maintain the AirportLink toll road (AirportLink). In April 2016, Transurban Queensland assumed responsibility for AirportLink and now operates AirportLink under the service concession arrangement.

In return for collecting the tolls, Transurban Queensland must maintain, operate and manage the toll road for the concession period and also assume the demand and patronage risk. The State does not recognise any assets associated with the arrangement. At the end of the service concession period, AirportLink assets will be transferred at no cost to the State.

(d) Gateway and Logan Motorways

A Road Franchise Agreement (RFA) was established between the State and Queensland Motorways Limited (QML) in April 2011 for the operation, maintenance and management of the Gateway and Logan Motorways for a period of 40 years. In 2014, Transurban Queensland acquired QML and now operates the Gateway Motorway and Logan Motorway toll roads under the RFA with the State.

27. Public private partnerships continued

Transport and Main Roads continued

(d) Gateway and Logan Motorways continued

In return for collecting the tolls, Transurban Queensland must maintain, operate and manage the toll roads for the period of the franchise and also assumes the demand and patronage risk for the franchise period. The State does not recognise any assets associated with the arrangement. At the end of the RFA concession period, the toll roads infrastructure assets will be transferred to the State.

(e) New Generation Rollingstock

In January 2014, the State Government entered into a 32-year contractual arrangement with NGR Project Company Pty Ltd (Bombardier NGR Consortium) for the design, construction and maintenance of 75 new six car train sets and a new purpose-built maintenance centre. The arrangement will involve the State paying the consortium a series of availability payments over the concession period.

In June 2016, the maintenance centre was accepted by the State. There have been 24 train sets recognised in 2017-18 with the remaining train sets to be recognised as they are accepted.

At the expiry of the concession period, the State will retain ownership of the trains and the maintenance centre.

(f) Toowoomba Second Range Crossing

In August 2015, the State Government entered into a contractual arrangement with Nexus Infrastructure Consortium to finance, design, build, operate and maintain a range crossing connecting the Warrego Highway at Helidon Spa in the east with the Gore Highway at Athol in the west, via Charlton.

The State will provide contributions during the construction stage of the project and ongoing service payments over the 25 year operation and maintenance period. On commissioning of the toll road in 2019, the State will recognise a lease asset at fair value which will be depreciated over the life of the asset, and a corresponding lease liability, which will be reduced by the state contribution and monthly repayments. Finance lease commitments are included in the table below. Maintenance payments will be expensed during the relevant year. Contributions made prior to the road commissioning are recognised as prepayments.

The Toowoomba Second Range Crossing will be a toll road with Transurban Queensland contracted to collect tolls on behalf of the State.

At the expiry of the concession period, the State will retain ownership of the range crossing.

Department of Housing and Public Works

(a) Development at 1 William Street Brisbane

1 William Street is a commercial office tower development. Cbus Property was the successful tenderer with a bid of \$653 million and on 21 December 2012, the State entered into a sublease pre-commitment via a series of transaction documents involving:

- a project deed (overarching document);
- a development lease (from the State to the developer during construction phase, which runs for approximately 4 years);
- a ground lease (covering land tenure from the State to the developer for 99 years post-construction phase); and
- a sublease (from the developer to the State for the building tenure, being 15 years).

Operating lease commitments of \$877 million are included in the estimated cash flows below.

(b) Queen’s Wharf Precinct

On 16 November 2015, the Queensland Government entered into contractual arrangements with the Destination Brisbane Consortium (the Consortium) to redevelop the Queen’s Wharf Precinct in the Centre of Brisbane into an Integrated Resort Development (IRD Project). A leasehold development lease and a freehold development lease for the project commenced on 22 February 2018 transferring responsibility of the whole of the site from the State to the Consortium. As at 30 June 2018 the land and buildings in the precinct have been valued on the basis that the contractual arrangements are considered to be non-cancellable and the highest and best use of the land and buildings in the precinct is that of an IRD.

Further information may be obtained from the individual financial reports of the relevant agencies.

Notes to the Financial Statements

27. Public private partnerships continued

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
Estimated cash flows for Public Private Partnerships				
Inflows				
Not later than 1 year	44	41	44	41
Later than 1 year but not later than 5 years	200	189	200	189
Later than 5 years but not later than 10 years	313	298	313	298
Later than 10 years	247	322	247	322
	804	850	804	850
Outflows				
Not later than 1 year	(928)	(985)	(928)	(985)
Later than 1 year but not later than 5 years	(2,163)	(2,584)	(2,163)	(2,584)
Later than 5 years but not later than 10 years	(2,784)	(2,739)	(2,784)	(2,739)
Later than 10 years	(6,663)	(7,643)	(6,663)	(7,643)
	(12,538)	(13,951)	(12,538)	(13,951)
Estimated net cash flow from Public Private Partnerships	(11,734)	(13,101)	(11,734)	(13,101)

28. Inventories

Current				
Raw materials	14	12	285	280
Work in progress	41	46	77	75
Finished goods	146	147	217	204
Land held for resale	281	271	281	271
Inventories held for distribution	29	24	29	24
Assets formerly held for lease	8	5	8	5
Environmental certificates held for sale/surrender	—	—	142	133
Other	4	4	178	166
	524	509	1,216	1,157

Inventories (other than those held for distribution) are carried at the lower of cost and net realisable value under AASB 102 *Inventories* . Cost is determined on the weighted average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition, except for training costs which are expensed as incurred. Where inventories are acquired for no or nominal consideration, the cost is the current replacement cost as at the date of acquisition.

Land held for resale is stated at the lower of cost and net realisable value. Such cost is assigned by specific identification and includes the cost of acquisition and development. Inventories held for distribution are those inventories which the State distributes for no or nominal consideration. These are measured at cost, adjusted for any loss of service potential.

Environmental certificates are recognised in the financial statements at fair market value where fair value is determined by reference to observable market prices at reporting date.

All inventories are classified as current non-financial assets.

Notes to the Financial Statements

General Government Sector		Total State Sector	
2018	2017	2018	2017
\$M	\$M	\$M	\$M

29. Assets held for sale

Land	158	105	170	111
Buildings	24	13	24	13
Investment properties	—	—	1	1
Infrastructure	—	—	4	—
Plant and equipment	2	3	61	95
Intangible assets	—	—	11	—
	<u>184</u>	<u>122</u>	<u>272</u>	<u>221</u>

Non-current assets classified as held for sale consist of those assets that are determined to be available for immediate sale in their present condition, and where their sale is highly probable within the next twelve months.

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortised.

While an asset is classified as held for sale, an impairment loss is recognised for any write downs of the asset to fair value less estimated costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised.

30. Investment properties

At independent valuation	371	366	687	677
Less: Accumulated depreciation and impairment losses	—	—	2	2
	<u>371</u>	<u>366</u>	<u>685</u>	<u>675</u>

Movements in investment properties were not material.

Pursuant to AASB 140 *Investment Property*, properties held to earn rental income or for capital gains purposes are classified as investment properties. Such properties are valued at fair value. Changes in fair value are recognised in the Operating Statement as other economic flows and no depreciation expense or asset impairment is recognised.

31. Restricted assets

A number of assets included in the consolidated financial statements are classified as restricted assets because their use is wholly or partially restricted by externally imposed requirements. These assets include:

Cash to be used to further medical research in specified areas	96	98	96	98
Cash and property, plant and equipment to be used for other specific purposes	998	949	1,004	966
	<u>1,094</u>	<u>1,047</u>	<u>1,100</u>	<u>1,064</u>

32. Property, plant and equipment
General Government Sector

	Gross		Accumulated depreciation/impairment		Written down value	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Land			94,159	91,508	(11)	(11)
Buildings			56,205	54,080	(19,818)	(18,650)
Infrastructure			79,093	78,070	(22,880)	(16,665)
Major plant and equipment			72	136	(4)	(62)
Heritage and cultural assets			2,119	1,942	(635)	(543)
Plant and equipment			6,562	6,392	(3,776)	(3,647)
Leased plant and equipment			3,808	3,134	(597)	(542)
Capital work in progress			4,311	3,710	—	—
			<u>246,330</u>	<u>238,972</u>	<u>(47,720)</u>	<u>(40,120)</u>
					<u>198,609</u>	<u>198,852</u>

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	Land		Buildings		Infrastructure		Major plant and equipment		Heritage and cultural assets	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Carrying amount at beginning of year	91,497	87,497	35,431	33,426	61,405	63,459	73	59	1,400	1,351
Acquisitions	105	75	259	307	2	1	2	2	—	2
Disposals	(67)	(68)	(17)	(13)	—	(1)	—	—	—	—
Revaluation increments/(decrements)	2,575	3,964	1,324	1,190	(6,124)	(3,527)	(13)	(18)	74	65
Impairment (losses)/reversals	—	—	4	—	—	(1)	—	—	—	—
Depreciation and amortisation	—	—	(1,469)	(1,360)	(979)	(918)	(21)	(21)	(37)	(30)
Net asset transfers	38	28	856	1,881	1,909	2,392	27	51	45	12
Carrying amount at end of year	<u>94,148</u>	<u>91,497</u>	<u>36,388</u>	<u>35,431</u>	<u>56,213</u>	<u>61,405</u>	<u>68</u>	<u>73</u>	<u>1,484</u>	<u>1,400</u>

	Plant and equipment		Leased plant and equipment		Capital work in progress		Total	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Carrying amount at beginning of year	2,745	2,534	2,592	2,431	3,710	4,311	198,852	195,068
Acquisitions	366	333	584	758	3,900	3,397	5,220	4,874
Disposals	(29)	(36)	(2)	(2)	—	(3)	(114)	(122)
Revaluation increments/(decrements)	(1)	—	(75)	(25)	—	—	(2,240)	1,649
Impairment (losses)/reversals	—	—	—	—	—	—	4	(1)
Depreciation and amortisation	(588)	(537)	(79)	(68)	—	—	(3,174)	(2,935)
Net asset transfers	293	452	192	(503)	(3,299)	(3,994)	61	319
Carrying amount at end of year	<u>2,786</u>	<u>2,745</u>	<u>3,211</u>	<u>2,592</u>	<u>4,311</u>	<u>3,710</u>	<u>198,609</u>	<u>198,852</u>

32. Property, plant and equipment continued
Total State Sector

	Gross		Accumulated depreciation/impairment		Written down value	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Land	95,329	93,920	(46)	(46)	95,283	93,874
Buildings	59,555	57,224	(21,369)	(20,037)	38,186	37,187
Infrastructure	161,496	158,485	(51,861)	(44,807)	109,635	113,678
Major plant and equipment	1,810	1,873	(918)	(940)	892	933
Heritage and cultural assets	3,396	1,943	(635)	(543)	2,762	1,400
Plant and equipment	11,166	10,741	(6,291)	(6,011)	4,874	4,730
Leased plant and equipment	3,817	3,143	(606)	(551)	3,211	2,592
Capital work in progress	5,043	4,531	—	—	5,043	4,531
	<u>341,612</u>	<u>331,859</u>	<u>(81,726)</u>	<u>(72,934)</u>	<u>259,886</u>	<u>258,925</u>

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	Land		Buildings		Infrastructure		Major plant and equipment		Heritage and cultural assets	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Carrying amount at beginning of year	93,874	89,854	37,187	35,169	113,678	114,633	933	969	1,400	1,351
Acquisitions	105	78	259	310	77	85	4	2	2	2
Disposals	(69)	(78)	(18)	(14)	(33)	(37)	(1)	(1)	(1)	—
Revaluation increments/(decrements)	2,587	3,980	1,406	1,296	(5,034)	(3,164)	(40)	(55)	100	65
Impairment (losses)/reversals	—	(4)	3	(2)	(80)	216	—	—	—	—
Depreciation and amortisation	—	—	(1,576)	(1,475)	(2,902)	(2,745)	(70)	(83)	(37)	(30)
Net asset transfers	(1,215)	45	925	1,903	3,928	4,689	66	102	1,297	12
Carrying amount at end of year	<u>95,283</u>	<u>93,874</u>	<u>38,186</u>	<u>37,187</u>	<u>109,635</u>	<u>113,678</u>	<u>892</u>	<u>933</u>	<u>2,762</u>	<u>1,400</u>

	Plant and equipment		Leased plant and equipment		Capital work in progress		Total	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Carrying amount at beginning of year	4,730	4,554	2,592	2,789	4,531	5,064	258,925	254,384
Acquisitions	413	425	584	758	6,194	5,788	7,639	7,447
Disposals	(70)	(93)	(2)	(2)	(12)	(3)	(205)	(228)
Revaluation increments/(decrements)	138	52	(75)	(25)	—	—	(918)	2,150
Impairment (losses)/reversals	—	—	—	—	(4)	—	(81)	210
Depreciation and amortisation	(942)	(901)	(79)	(68)	—	—	(5,607)	(5,302)
Net asset transfers	607	694	192	(860)	(5,665)	(6,318)	134	265
Carrying amount at end of year	<u>4,874</u>	<u>4,730</u>	<u>3,211</u>	<u>2,592</u>	<u>5,043</u>	<u>4,531</u>	<u>259,886</u>	<u>258,925</u>

32. Property, plant and equipment continued

Recognition and measurement

Acquisition

Items of property, plant and equipment with a cost or other value greater than the asset recognition threshold of the agency are initially capitalised and recorded at cost. Queensland Treasury’s *Non-Current Asset Policies for the Queensland Public Sector* mandates asset recognition thresholds for departments and not-for-profit statutory bodies as follows:

Asset class	Asset recognition threshold
Land	\$1 (all land)
Buildings	\$10,000
Infrastructure	\$10,000
Plant & equipment	\$5,000
Major plant & equipment	An amount greater than or equal to \$5,000, the exact amount of which is at the agency’s discretion.
Leased assets (finance leases)	The threshold for the class to which the asset would belong if it were not subject to a finance lease.
Heritage & cultural assets	\$5,000
Work in progress	n/a
Library reference collections	\$1,000,000

Asset recognition thresholds for other entities within the TSS do not exceed the thresholds above.

Items with a cost or other value below each entity’s recognition threshold are expensed in the year of acquisition. Cost is determined as the value given as consideration, plus costs incidental to the acquisition including all other costs incurred in getting the assets ready for use. Training, marketing and advertising costs are expensed as incurred.

In accordance with AASB 116, administration and other general overhead costs are expensed in the year they are incurred. Overhauls and major inspections are only capitalised if it is probable that future economic benefits associated with them will flow to the entity and their cost can be measured reliably. Any remaining carrying amount of the cost of the previous inspection/overhaul (as distinct from physical parts) is derecognised.

Assets acquired at no cost, or for nominal consideration that can be measured reliably, are recognised initially as assets and revenues at their fair value at the date of acquisition.

Recording and valuation

Land, buildings, infrastructure, major plant and equipment, and heritage and cultural assets are valued at fair value in accordance with AASB 13, AASB 116 and Queensland Treasury’s *Non-Current Asset Policies for the Queensland Public Sector*.

Other classes of assets are valued at cost which approximates fair value.

On initial recognition, all costs incurred in purchasing or constructing the asset and getting it ready for use are capitalised to the value of the asset. Costs also include the initial estimate of the costs of dismantling and restoring the site on which it is located, where that obligation is recognised and measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

32. Property, plant and equipment continued

Recognition and measurement continued

Recording and valuation continued

Subsequent costs are added to the carrying amount of the asset when it improves the condition of the asset beyond its originally assessed standard of performance or capacity. Otherwise, subsequent costs are expensed.

Non-current physical assets measured at fair value are comprehensively revalued once every five years or as appropriate, with interim valuations using relevant indices being otherwise performed on an annual basis. Separately identified components of assets are measured on the same basis as the assets to which they relate.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve for that class of assets, except to the extent it reverses a revaluation decrement for the class of assets previously recognised as an other economic flow in the Operating Statement. A decrease in the carrying amount on revaluation is charged as an other economic flow in the Operating Statement, to the extent it exceeds the balance of the relevant asset revaluation reserve for the same class of assets.

Items or components that form an integral part of an asset are recognised as a single asset (functional asset). The recognition threshold is applied to the aggregate cost of each functional asset. Energy entities' easements are disclosed as part of property, plant and equipment because they are considered to be an integral part of the property, plant and equipment of those entities.

Impairment

Property, plant and equipment assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the State determines the asset's recoverable amount, being the higher of the asset's fair value less costs to sell and current replacement cost. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

An impairment loss is recognised as an other economic flow in the Operating Statement, unless the asset is carried at a revalued amount. When assets are measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimated recoverable amount.

Refer to Note 16 for further information on the State's policy on impairment, and for any impairment losses recognised in the Operating Statement.

Land under roads

Land under roads is included in the asset class 'land' until road declarations for each land portion are confirmed. The value included in the balance of land is approximately \$57.7 billion (2017: \$56 billion).

All land under roads acquired is recorded at fair value in accordance with AASB 13 and AASB 116 using an englobo basis based on the statutory land valuations (as agreed by all state Valuers-General in 2009).

The englobo method reflects the characteristics that would be taken into account by a potential buyer of land under roads that is made available for sale (after having the legislative restriction removed). Englobo valuation is inclusive of all potential land uses and assumes that if removal of the legislative restriction occurred, land under roads would revert to its original state before subdivision. The methodology is appropriate for all land under roads, regardless of its location or whatever type of road infrastructure (if any) is currently on it.

Fair value is determined by the State Valuation Services using an acceptable, reliable valuation methodology which is undertaken by multiplying the total area of land under roads within each local government area by the average statutory value of all freehold and leasehold land within the corresponding local government area. The statutory valuations for non-rural land are determined on the basis of site value, with the unimproved value used for rural land.

32. Property, plant and equipment continued

Recognition and measurement continued

Property, plant and equipment held for rental

Items of property, plant and equipment that have been held for rental to others are routinely sold in the course of the State’s ordinary business. These assets are transferred to inventories at their carrying amount when they cease to be rented and become held for sale. Cash flows received from the subsequent sale of assets that were previously held for rental to others and cash paid to purchase these assets are recognised as operating activities rather than investing activities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the State include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the State include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the State assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets’ characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the State for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- 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; and
- Level 3: represents fair value measurements that are substantially derived from unobservable inputs.

None of the State’s valuations of non-financial assets are eligible for categorisation into level 1 of the fair value hierarchy.

More specific fair value information about the State’s property, plant and equipment is outlined below.

32. Property, plant and equipment continued
Level 3 fair value reconciliation
General Government Sector

	<i>Land</i>		<i>Buildings</i>		<i>Infrastructure</i>		<i>Major plant and equipment</i>		<i>Heritage and cultural assets</i>	
	<i>2018</i> \$M	<i>2017</i> \$M	<i>2018</i> \$M	<i>2017</i> \$M	<i>2018</i> \$M	<i>2017</i> \$M	<i>2018</i> \$M	<i>2017</i> \$M	<i>2018</i> \$M	<i>2017</i> \$M
Carrying amount at beginning of year	68,125	64,263	31,231	29,220	61,404	63,444	72	56	1,378	1,330
Acquisitions	1	—	380	308	2	23	2	1	6	74
Disposals	(53)	(42)	(13)	(18)	—	(9)	—	—	—	—
Revaluation increments/(decrements)	1,752	3,460	1,171	1,203	(6,125)	(3,528)	(13)	(16)	80	(8)
Impairment (losses)/reversals	—	—	72	(9)	—	1	—	—	1	—
Depreciation and amortisation	(3)	—	(1,351)	(1,233)	(975)	(914)	(23)	(20)	(36)	(29)
Net asset transfers	521	444	462	1,759	1,908	2,386	27	51	22	11
Carrying amount at end of year	<u>70,343</u>	<u>68,125</u>	<u>31,951</u>	<u>31,231</u>	<u>56,214</u>	<u>61,404</u>	<u>65</u>	<u>72</u>	<u>1,452</u>	<u>1,378</u>

	<i>Leased plant and equipment</i>		<i>Total</i>	
	<i>2018</i> \$M	<i>2017</i> \$M	<i>2018</i> \$M	<i>2017</i> \$M
Carrying amount at beginning of year	778	634	162,987	158,947
Acquisitions	33	118	425	525
Disposals	—	—	(66)	(69)
Revaluation increments/(decrements)	32	32	(3,103)	1,142
Impairment (losses)/reversals	—	—	73	(8)
Depreciation and amortisation	(7)	(6)	(2,395)	(2,202)
Net asset transfers	—	—	2,941	4,651
Carrying amount at end of year	<u>836</u>	<u>778</u>	<u>160,861</u>	<u>162,987</u>

32. Property, plant and equipment continued
Level 3 fair value reconciliation
Total State Sector

	<i>Land</i>		<i>Buildings</i>		<i>Infrastructure</i>		<i>Major plant and equipment</i>	<i>Heritage and cultural assets</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Carrying amount at beginning of year	69,272	65,375	33,068	30,958	113,626	115,007	931	965	1,378
Acquisitions	2	—	380	309	162	124	4	2	6
Disposals	(54)	(47)	(14)	(19)	(24)	(36)	(1)	(1)	—
Revaluation increments/(decrements)	1,785	3,475	1,252	1,305	(5,038)	(3,166)	(40)	(54)	80
Impairment (losses)/reversals	(2)	—	74	(11)	(79)	244	—	—	1
Depreciation and amortisation	(3)	—	(1,458)	(1,332)	(2,896)	(2,752)	(71)	(82)	(36)
Net asset transfers	519	469	531	1,858	3,839	4,205	66	102	22
Carrying amount at end of year	<u>71,518</u>	<u>69,272</u>	<u>33,834</u>	<u>33,068</u>	<u>109,589</u>	<u>113,626</u>	<u>889</u>	<u>931</u>	<u>1,452</u>
									<u>1,378</u>

	<i>Leased plant and equipment</i>		<i>Total</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Carrying amount at beginning of year	778	634	219,052	214,269
Acquisitions	33	118	588	627
Disposals	—	—	(93)	(103)
Revaluation increments/(decrements)	32	32	(1,928)	1,583
Impairment (losses)/reversals	—	—	(7)	233
Depreciation and amortisation	(7)	(6)	(4,470)	(4,201)
Net asset transfers	—	—	4,977	6,645
Carrying amount at end of year	<u>836</u>	<u>778</u>	<u>218,119</u>	<u>219,052</u>

32. Property, plant and equipment continued

Level 3 significant valuation inputs and relationship to fair value

General Government Sector

Description	Fair value at 30 June 2018 \$M	Significant unobservable inputs
Land	70,343	<p>Level 3 land assets are mainly comprised of those held by the Department of Natural Resources, Mines and Energy, and Department of Environment and Science. These assets are classified as land under roads, reserves and unallocated state land, national parks and leasehold land.</p> <p>Land under roads not subject to freehold or leasehold title or reserve tenure vests in the State. This land is valued using the englobo approach as agreed by State Valuers-General. Further details on this valuation approach are outlined in Note 33. The most significant unobservable input in the valuation of land under roads is the valuers’ judgement in relation to the value that the market would assign to the restrictions placed on the land.</p> <p>The valuation of reserves and unallocated state land is based, where possible, on recent sales in the general location of the land, adjusted for specific attributes of and restrictions on the land being valued. As such, the most significant unobservable input into the valuation of reserves and unallocated state land is the valuers’ professional judgement applied in determining the fair value.</p> <p>National park land is valued with reference to sales of land with a similar topography and location. This market data is adjusted by the valuer to reflect the nature of restrictions upon national park land. Accordingly, the most significant input to the valuation of national park land is the valuers’ judgement in relation to the adjustments potential market participants would make to the price paid for this land in light of the restrictions.</p> <p>Leasehold land is valued using the present value of the future income from leases over the land. In calculating the value of leasehold land, the discount rate applied to the leases is a significant unobservable input.</p>
Buildings	31,951	<p>Buildings classified as Level 3 are those which, due to their specialised nature and/or construction, do not have an active market. These assets are generally valued using a current replacement cost approach.</p> <p>Within level 3 buildings, major sub-groups exist which are valued using similar methods. The most significant of these groups are schools and early childhood buildings, correctional centres, court houses and juvenile justice facilities, health services buildings (including hospitals) and social housing.</p> <p>Schools and early childhood buildings are valued on a current replacement cost basis, utilising published current construction costs for the standard components of the buildings. Adjustment and allowances are made for specialised fit out requirements and more contemporary construction/design approaches. Significant judgement is also required in determining the remaining service life of these buildings.</p> <p>Correctional centres, court houses and juvenile justice facilities are valued using a current replacement cost approach. Significant inputs into this approach are construction costs, locality allowances for regional and remote facilities, remaining useful life and current condition assessments.</p>

Notes to the Financial Statements

32. Property, plant and equipment continued

Level 3 significant valuation inputs and relationship to fair value continued

General Government Sector continued

<u>Description</u>	<u>Fair value at 30 June 2018 \$M</u>	<u>Significant unobservable inputs</u>
Buildings continued		<p>Health services buildings (including hospitals) are valued using current replacement cost. In determining the replacement cost of each building, the estimated replacement cost of the asset, or the likely cost of construction including fees, on costs if tendered on the valuation date are assessed based on historical records and adjusted for contemporary design/construction practices. The resulting values are adjusted using published locality indices to allow for regional and remote location. The valuers apply professional judgement in assessing the assets’ current condition and remaining service life.</p> <p>Social housing is valued using market based inputs. However, because multi-unit properties do not have separate titles, significant adjustments are made by valuers. Significant unobservable inputs to the valuers’ adjustments are the discount rate applied to represent the cost of obtaining strata title.</p>
Infrastructure	56,214	<p>Level 3 infrastructure within the General Government sector is primarily roads held by the Department of Transport and Main Roads, and roads and tracks within National Park and State Forest land. Due to their specialised nature and the lack of an active market for infrastructure, these assets are valued using a current replacement cost methodology.</p> <p>Road infrastructure, and roads and tracks within National Park and State Forest land are valued based on a combination of raw material and other costs of construction compiled by an external expert and internal assumptions based on engineering professional judgement. These inputs take into consideration climatic and environmental conditions for each location and are adjusted for contemporary technology and construction techniques. Accordingly, the most significant unobservable input to the valuation of roads is the calculated replacement cost which is heavily reliant upon engineers’ and valuers’ professional judgement.</p>
Heritage and cultural assets	1,452	<p>Heritage and cultural assets are mainly comprised of unique or iconic items which are considered to be of historical or cultural significance. These assets are primarily held by the Queensland Art Gallery and the Queensland Museum. While some of these items are able to be traded, such transactions are highly individualised and accordingly it is not considered that there is an active market for these types of assets.</p> <p>Collections held by the Queensland Art Gallery and Queensland Museum are largely valued on an individual basis with reference to recent transactions in similar works or the cost of replicating or recollecting items. Due to the unique nature of these items, despite some reliance on recent transactions in similar items, the most significant input to the valuation of collections held by the Queensland Art Gallery and Queensland Museum is the professional judgement of the valuer.</p>

Notes to the Financial Statements

32. Property, plant and equipment continued

Level 3 significant valuation inputs and relationship to fair value continued

Total State Sector

Description	Fair value at 30 June 2018 \$M	Significant unobservable inputs
Infrastructure	109,589	<p>In addition to the infrastructure assets identified above in the General Government Sector, level 3 infrastructure for the Total State Sector includes rail, ports, electricity and water infrastructure assets.</p> <p>The majority of water infrastructure assets (mainly Seqwater) are valued using an income based approach. Unobservable inputs in this type of valuation include assumptions about future market conditions and selection of an appropriate discount rate. The discount rate is a significant unobservable input to the valuation of water infrastructure.</p> <p>Port infrastructure has been largely valued using an income based approach. Inherent in this valuation process are assumptions in relation to future operating cash flows, projected capital replacement and selection of an appropriate discount rate (equal to the Weighted Average Cost of Capital) for the organisation holding the assets. The discount rate has a significant impact upon the final valuation and, being based upon professional judgement, is an unobservable input.</p> <p>The valuation of electricity distribution and transmission infrastructure is undertaken using an income based approach. Being regulated assets, significant professional judgement is required in forecasting future cash flows. The significant unobservable inputs affecting the valuation of electricity infrastructure include assumptions about future revenue caps, future capital expenditure requirements and selection of an appropriate discount rate.</p> <p>The valuation of NEM connected power stations is based on an income approach using a pre-tax nominal cash flow and discount rate model and various demand, supply and RET scenarios. The significant unobservable inputs affecting the valuation include assumptions about electricity spot prices, contract load and premium and discount rate.</p> <p>The majority of rail infrastructure is valued using a current replacement cost methodology except for regional freight assets which are valued on a discounted cash flow basis. The significant unobservable inputs to the current replacement cost valuation are costs to replace existing assets and the assessments of current asset condition and remaining useful life.</p>
Major Plant and Equipment	889	<p>Major plant and equipment in the Total State Sector is primarily Queensland Rail rollingstock.</p> <p>Rollingstock is valued using a current replacement cost approach. The significant unobservable inputs to the valuation of rollingstock are estimated costs to replace existing assets and the assumptions made about current asset condition and remaining useful life.</p>

32. Property, plant and equipment continued

Assets not recognised

The following assets are not recognised in the Balance Sheet:

Railway corridor land

Under the *Transport Infrastructure Act 1994*, railway corridor land was rendered State land under the control of the Department of Natural Resources, Mines and Energy which for reporting purposes recorded the land at nil value. This land is on-leased to Queensland Rail via the Department of Transport and Main Roads at no cost.

Library collections

Purchases for common use collections are expensed as they are incurred, except for the State Library’s Library Collection. Purchases for this collection are capitalised and held at fair value in accordance with Queensland Treasury’s *Non-Current Asset Policies for the Queensland Public Sector*, except for certain heritage assets whose value cannot be reliably measured.

Native forests and biological assets

Disclosures are outlined in Note 34 Other non-financial assets.

User funded assets

Certain wharf facilities, bulk sugar terminals, bulk molasses terminals, bulk grain terminals and grain loading facilities have been constructed on land controlled by Queensland port corporations. These assets are not included in the Balance Sheet as users of the assets have either fully or partially funded these facilities and they are either not considered to be controlled by the corporations or no income will flow from the facilities.

Heritage assets

Certain heritage assets, including artefacts, memorabilia and other historical objects held by agencies, have not been valued or included in the Balance Sheet because of the unique nature of the items and the difficulty in determining a reliable value.

33. Intangibles
General Government Sector

	Gross		Accumulated amortisation		Written down value	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Software development	1,844	1,857	(1,147)	(1,211)	698	646
Purchased software	322	346	(259)	(268)	63	78
Other	64	55	(19)	(16)	46	39
	<u>2,231</u>	<u>2,258</u>	<u>(1,425)</u>	<u>(1,495)</u>	<u>806</u>	<u>763</u>
	Software		Other		Total	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M	2018 \$M	2017 \$M
Carrying amount at beginning of year	724	672	39	42	763	714
Acquisitions	8	7	4	3	12	10
Acquisitions through internal development	178	175	—	—	178	175
Disposals	(1)	(1)	—	(1)	(1)	(2)
Impairment (losses)/reversals ¹	(1)	—	—	—	(1)	—
Amortisation	(151)	(133)	(6)	(6)	(157)	(139)
Net asset transfers	3	5	9	1	12	6
Carrying amount at end of year	<u>760</u>	<u>724</u>	<u>46</u>	<u>39</u>	<u>806</u>	<u>763</u>

Notes to the Financial Statements

33. Intangibles continued
Total State Sector

	Gross		Accumulated amortisation		Written down value	
	2018	2017	2018	2017	2018	2017
	\$M	\$M	\$M	\$M	\$M	\$M
Software development	2,917	2,836	(1,905)	(1,888)	1,012	949
Purchased software	612	600	(409)	(400)	203	200
Licences and rights	67	67	(54)	(54)	13	13
Other	367	356	(67)	(53)	300	304
	<u>3,962</u>	<u>3,860</u>	<u>(2,434)</u>	<u>(2,394)</u>	<u>1,528</u>	<u>1,466</u>

	Software		Licences and rights		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Carrying amount at beginning of year	1,149	1,046	13	16	304	290	1,466	1,352
Acquisitions	24	71	—	—	7	9	31	80
Acquisitions through internal development	309	231	—	—	—	—	309	231
Disposals	(1)	(2)	—	(1)	—	(2)	(1)	(4)
Impairment (losses)/reversals ¹	(1)	—	—	—	—	—	(1)	—
Amortisation	(258)	(244)	—	—	(19)	(16)	(277)	(260)
Net asset transfers	(6)	46	—	(2)	8	23	2	67
Carrying amount at end of year	<u>1,215</u>	<u>1,149</u>	<u>13</u>	<u>13</u>	<u>300</u>	<u>304</u>	<u>1,528</u>	<u>1,466</u>

Intangible assets are recognised in accordance with AASB 138 *Intangible Assets*. Queensland Treasury’s *Non-Current Asset Policies for the Queensland Public Sector* which is applicable to departments and statutory bodies, mandates classes of non-current physical and intangible assets. Software is classified as an intangible asset, rather than property, plant and equipment unless it is an integral part of the related hardware.

Internally generated goodwill, brands, and items of similar substance, as well as expenditure on initial research, are specifically excluded from being recognised in the Balance Sheet.

In accordance with the *Non-Current Assets Policies for the Queensland Public Sector*, the recognition threshold for departments and statutory bodies is \$100,000. Items with a lesser value are expensed. The threshold for other entities does not exceed this amount.

Internally generated intangible assets are only revalued where an active market exists for the asset in question, otherwise they are measured at cost.

¹ For information on Impairment policies, refer to Note 16.

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M
34. Other non-financial assets				
Current				
Prepayments	886	291	992	411
Other	10	12	10	4
	896	303	1,002	415
Non-current				
Biological assets	8	7	9	7
Prepayments	28	374	51	398
Other	2	2	9	2
	39	382	68	407
	935	686	1,070	822

Other non-financial assets primarily represent prepayments by the State. These prepayments include salaries and wages, grant payments, prepayments under finance lease agreements and payments of a general nature made in advance.

Under AASB141 *Agriculture*, biological assets are defined as living animals and plants. They are distinguished from other assets by the fact that they have the natural capacity to grow and/or procreate.

Biological assets are recognised at fair value and include livestock (comprising cattle, horses, and sheep), and plants (comprising grain and cotton crops).

35. Payables

Current				
Trade creditors	2,065	1,946	2,869	2,630
Grants and other contributions	317	344	528	487
GST payable	60	60	154	140
Other payables	1,710	1,628	1,823	1,768
	4,152	3,978	5,375	5,025
Non-current				
Trade creditors	239	204	270	230
Grants and other contributions	—	—	265	503
Other payables	5	1	7	9
	244	205	542	742
	4,396	4,183	5,916	5,767

Payables mainly represent amounts owing for goods and services provided to the State prior to the end of the financial year. The amounts are unsecured, are usually paid within 30 days of recognition and are non-interest bearing.

Payables are recognised at amortised cost using the effective interest rate method.

36. Employee benefit obligations

(a) Superannuation liability				
Current				
Superannuation (refer Note 48)	2,039	1,962	2,039	1,962
Judges' pensions (refer Note 48)	23	21	23	21
	2,062	1,983	2,062	1,983
Non-current				
Superannuation (refer Note 48)	23,134	23,319	22,766	22,984
Judges' pensions (refer Note 48)	804	745	804	745
	23,938	24,064	23,570	23,729
	26,000	26,047	25,632	25,712

36. Employee benefit obligations continued

Superannuation/retirement benefit obligations

A superannuation liability for the State public sector is recognised in respect of the various employees’ accrued superannuation benefits and represents the difference between the net market value of plan assets and the estimated accrued superannuation benefits at year end.

The present value of the accrued benefits is calculated using the projected unit credit method and represents the actuarial value of all benefits that are expected to become payable in the future in respect of contributions made or periods of service completed prior to the valuation date, allowing for future salary increases.

The costs of providing future benefits to employees are recognised over the period during which employees provide services. All superannuation plan costs, excluding actuarial gains and losses, are recognised in the Operating Statement. Actuarial gains and losses are recognised directly in equity on an annual basis and represent experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred e.g. investment returns on plan assets) and the effects of changes in actuarial assumptions underlying the valuation.

For the State Public Sector Superannuation Scheme (QSuper), expected future payments are discounted using market yields at the reporting date on Government bonds with terms to maturity that match the estimated future cash outflows. The gross discount rate for 10 year Commonwealth bonds at 30 June 2018 was 2.6% (2017: 2.7%).

Employees in the electricity industry contribute to an industry multiple employer superannuation fund, Energy Super Fund (ESF). The ESF uses discount rates in 2018 that are more closely aligned to the corporate bond rate (refer Note 48).

Future taxes are part of the provision of the existing benefit obligations and are taken into account in measuring the net liability or asset.

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
(b) Other employee benefits				
Current				
Salary and wages payable	744	713	841	793
Annual leave	1,859	1,739	2,061	1,927
Long service leave	449	418	860	780
Other employee entitlements	66	55	193	202
	<u>3,118</u>	<u>2,926</u>	<u>3,955</u>	<u>3,702</u>
Non-current				
Long service leave	2,844	2,668	2,900	2,754
Other employee entitlements	12	14	21	24
	<u>2,856</u>	<u>2,683</u>	<u>2,921</u>	<u>2,779</u>
	<u>5,974</u>	<u>5,608</u>	<u>6,876</u>	<u>6,481</u>

Wages, salaries and sick leave

Liabilities for wages and salaries are accrued at year end. For most agencies, sick leave is non-vesting and is expensed as incurred. Liabilities have been calculated based on wage and salary rates at the date they are expected to be paid and include related on-costs.

Annual leave

The Annual Leave Central Scheme (ALCS) was established on 30 June 2008 to centrally fund annual leave obligations of departments, commercialised business units and shared service providers. Members pay a levy equal to their accrued leave cost into the scheme and are reimbursed by the scheme for annual leave payments made to their employees. Entities that do not participate in the ALCS continue to determine and recognise their own leave liabilities.

The State’s annual leave liability has been calculated based on wage and salary rates at the date they are expected to be paid and include related on-costs. In accordance with AASB 119 *Employee Benefits*, where annual leave is not expected to be paid within 12 months, the liability is measured at the present value of the future cash flows.

Long service leave

A levy of 2.1% of salary and wages costs is paid by participating agencies (predominantly Government departments) into the Long Service Leave Central Scheme which was introduced in 1999-2000. Amounts paid to employees for long service leave are then claimed from the scheme as a reimbursement. The liability is assessed annually by the State Actuary.

36. Employee benefit obligations continued

Long service leave continued

The valuation method used incorporates consideration of expected future wage and salary levels, experience of employee departures and periods of service. On-costs have been included in the liabilities and expenses for the Long Service Leave Central Scheme. These amounts have not been separately identified, as they are not material in the context of the State’s overall employee entitlement liabilities.

The State’s long service leave provisions are calculated in accordance with AASB 119 using yield rates of Government bonds at reporting date and actuarial assumptions which are mutually compatible. The gross discount rate for 10 year Commonwealth bonds at 30 June 2018 was 2.6% (2017: 2.7%).

Entities that do not participate in the Long Service Leave Central Scheme determine their liability for long service leave based on the present value of estimated future cash outflows to be made.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts a voluntary redundancy in exchange for these benefits. The State recognises termination benefits when it is demonstrably committed to either terminating the employment of employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

If termination benefits meet the AASB 119 timeframe criterion for ‘short-term employee benefits’, they are measured according to the AASB 119 requirements for ‘short-term employee benefits’. Otherwise, termination benefits are measured according to the requirements for ‘other long-term employee benefits’. Benefits falling due more than 12 months after balance date are discounted to present value.

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
37. Deposits, borrowings and advances, securities and derivatives				
(a) Deposits held				
Current				
Deposits at fair value through profit or loss	2	3	4,686	5,023
Interest bearing security deposits	—	—	15	17
	<u>2</u>	<u>3</u>	<u>4,701</u>	<u>5,040</u>
(b) Borrowings and advances				
Advances received				
Current				
Commonwealth	38	29	38	29
Public Non-financial Corporations	2,284	1,345	—	—
	<u>2,322</u>	<u>1,374</u>	<u>38</u>	<u>29</u>
Non-current				
Commonwealth	425	456	425	456
	<u>2,747</u>	<u>1,830</u>	<u>462</u>	<u>485</u>
Borrowings				
Current				
Finance lease liability (refer Note 41)	204	33	204	33
QTC borrowings	106	143	—	—
Loans - other	18	17	87	105
	<u>328</u>	<u>193</u>	<u>291</u>	<u>138</u>
Non-Current				
Finance lease liability (refer Note 41)	1,410	1,303	1,410	1,303
QTC borrowings	29,150	31,216	—	—
Loans - other	521	528	776	774
	<u>31,081</u>	<u>33,047</u>	<u>2,186</u>	<u>2,078</u>
	<u>31,408</u>	<u>33,240</u>	<u>2,477</u>	<u>2,216</u>

At 30 June 2018, \$4.57 billion was held in a redraw facility with QTC and offset against QTC Borrowings in the balance sheet. The redraw was reduced by \$500 million in early July 2018.

Lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of a default. Interest on finance leases is recognised as an expense as it accrues.

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
37. Deposits, borrowings and advances, securities and derivatives continued				
(c) Securities and derivatives				
Current				
Government securities issued	—	—	15,134	14,818
Derivatives				
Derivatives - cash flow hedges	—	—	77	384
Other derivatives	—	—	170	430
	<u>—</u>	<u>—</u>	<u>15,381</u>	<u>15,631</u>
Non-current				
Government securities issued	—	—	81,073	83,311
Derivatives				
Derivatives - cash flow hedges	—	—	15	27
Other derivatives	122	—	238	230
	<u>122</u>	<u>—</u>	<u>81,327</u>	<u>83,568</u>
	<u>122</u>	<u>—</u>	<u>96,708</u>	<u>99,200</u>

Deposits held, borrowings and advances, securities and derivatives disclosed in (a), (b) and (c) above are classified as either financial liabilities held at amortised cost or as financial liabilities at fair value through profit or loss. The carrying amount of financial liabilities in each of the categories is disclosed in Note 47.

Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost include interest bearing security deposits, GGS loans from QTC and advances from the Commonwealth and PNFCs. The GGS loans from QTC and advances from PNFCs are eliminated on consolidation of the Total State Sector.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as fair value through profit or loss at balance date if they are classified as held for trading or designated so upon initial recognition. Financial liabilities at fair value through profit or loss are valued at fair value at balance date. Unrealised gains and losses are brought to account as other economic flows included in the operating result.

Financial liabilities at fair value through profit or loss include deposits, government securities issued by QTC and derivatives. In relation to deposits, income derived from their investment accrues to depositors daily. The amount shown in the Balance Sheet represents the market value of deposits held at balance date. Collateral held and securities which are sold under agreements to repurchase are disclosed as deposits.

Government securities issued include short-term treasury notes, Australian and overseas bonds and floating rate notes principally raised by QTC.

Derivative financial instruments

The State, through its controlled entities, enters into derivative financial instruments in the normal course of business in order to hedge exposure to movements in interest rates, commodity prices and foreign currency exchange rates. Strict criteria must be met in order for derivatives to be hedge accounted. GGS entities do not trade in derivatives.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting period.

Derivative instruments are used to hedge the State’s exposures to interest rate, foreign currency, commodity prices and credit risks as part of asset and liability management activities. In addition, they may also be used to deliver long term floating rate or long term fixed rate exposure. Derivatives may be designated as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges) or as hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges). Gains or losses on fair value hedges are recognised as other economic flows included in the operating result. Gains or losses on the effective portion of cash flow hedges are recognised directly in the hedge reserve in equity, while the ineffective portion is recognised immediately as other economic flows included in the operating result.

37. Deposits, borrowings and advances, securities and derivatives continued

Derivative financial instruments continued

Amounts taken to the hedge reserve in equity are transferred to the operating result when the hedged transaction affects the operating result, such as when a forecast sale or purchase occurs or when the hedge becomes ineffective. Where the forecast transaction that is hedged results in recognising a non-financial asset or liability, the gains or losses previously deferred in equity are transferred to the carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised as other economic flows included in the operating result. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the operating result.

All derivatives are carried as assets when fair value is positive and liabilities when fair value is negative. Derivative assets are disclosed in Note 25(a). Derivative instruments used by the State include: options, futures contracts, electricity derivative contracts, forward starting loans, forward rate agreements, foreign exchange contracts, cross currency swaps and interest rate swaps which may be categorised as:

(i) Cash flow hedges

Electricity derivatives (mostly price swaps and futures) are used to protect against movements in the price of electricity. The contracts are recognised at trade date and settled net, with cash flows expected within three years.

Commodity swaps are used to hedge against price fluctuations of commodities, such as diesel fuel and gas.

Forward exchange contracts and cross currency swaps are entered into to protect against foreign exchange movements. These transactions relate to contracted purchases of components used in capital investments, capital equipment and operating expenditure denominated in foreign currencies.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, amounts that had been recognised in the hedge reserve in equity are transferred to the operating result. Where the forecast transaction that is hedged results in recognising a non-financial asset or liability, the gain or loss previously deferred in equity is transferred to the carrying amount of the asset or liability.

TSS net gains/losses deferred to or removed from equity were as follows:

- net gains deferred to equity totalled \$172 million (2017, losses of \$651 million);
- net gains of \$135 million (2017: \$411 million) were removed from equity and reclassified to the operating result as a result of cash flow hedge settlements;

No amounts were deferred to or removed from equity by GGS entities in 2018 or 2017.

(ii) Derivatives which do not qualify for hedge accounting

Certain derivatives do not qualify for hedge accounting as they are held for trading or not designated as hedges. These instruments typically include some electricity derivatives such as swaps, caps and options and environmental derivatives contracts, such as forward contracts and options. Interest rate swaps, forward rate agreements, options and credit default swaps are also used to hedge exposure to interest rate movements, foreign currency and credit risks but are not hedge accounted.

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
38. Provisions				
Current				
Outstanding claims				
Workers' compensation	—	—	1,070	1,054
Other	219	123	228	133
Onerous contracts	—	—	1	18
National Injury Insurance Scheme Queensland	—	—	24	17
Queensland Government Insurance Fund	128	138	128	138
Other	220	243	305	325
	568	504	1,756	1,684

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
38. Provisions continued				
Non-current				
Outstanding claims				
Workers' compensation	—	—	1,650	1,649
Other	756	304	769	316
Onerous contracts	—	—	146	153
National Injury Insurance Scheme Queensland	—	—	861	440
Queensland Government Insurance Fund	1,139	1,031	1,139	1,031
Other	172	83	771	631
	2,067	1,418	5,336	4,220
	2,635	1,922	7,092	5,904

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required is determined by considering the class of obligations as a whole. Provisions are measured at the present value of the estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessment of the time value of money and risks specific to the liability.

Outstanding Claims

The liability for outstanding claims is measured as the present value of expected future payments, the majority of which are actuarially assessed. The liability includes outstanding claim recoveries and reinsurance receivables.

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
Outstanding claim recoveries and reinsurance receivables	11	3	183	174

In accordance with AASB 1023 *General Insurance Contracts* , the claims liability includes a risk margin in addition to expected future payments. These liabilities are discounted for the time value of money using risk-free discount rates that are based on current, observable, objective rates.

Workers' Compensation

WorkCover Queensland is the main provider of workers' compensation insurance in Queensland. The discount rate applied to Workers' Compensation gross outstanding claims as at 30 June 2018 was 2.7% (2017: 2.5%), and the inflation rate was 3% (2017: 2.9%). The risk margin applied was 9.6% (2017: 9.8%).

National Redress Scheme for Survivors of Institutional Child Sexual Abuse (National Redress Scheme)

In April 2018, the Government announced Queensland would participate in the National Redress Scheme for Survivors of Institutional Child Sexual Abuse. The National Redress Scheme will run for 10 years and will provide eligible applicants support through a monetary payment capped at \$150,000.

The provision for the National Redress Scheme includes an estimate of Queensland's future payments to the Commonwealth including amounts for monetary payments, counselling, legal and administrative costs and offsets for payments previously made to survivors under the Forde Redress Scheme and the proportion of survivors estimated to pursue civil damages instead of a monetary payment under the National Redress Scheme.

National Injury Insurance Scheme Queensland (NIISQ)

NIISQ was established on 1 July 2016 to provide ongoing lifetime treatment, care and support services for people who sustain eligible, serious personal injuries in a motor vehicle accident on or after 1 July 2016, regardless of fault.

The NIISQ is funded via a levy which Queensland motorists pay for in conjunction with their Compulsory Third Party (CTP) premium and registration. The levy is set annually and is based on actuarial advice to fully fund present and likely future liabilities of the scheme. Scheme liabilities are long term in nature and estimates of costs are sensitive to underlying financial assumption for inflation and the discount rate. Actuarial assumptions underpinning the levy adopt long-term assumptions for inflation and the discount rate to support year to year levy stability (4.1% p.a. and 6% p.a. respectively for 2018).

38. Provisions continued

National Injury Insurance Scheme Queensland (NIISQ) continued

NIISQ provisions are assessed annually by independent actuaries and are measured in accordance with AASB 137 as the present value of the expected future payments for claims of the NIISQ incurred up to 30 June 2018, including claims incurred but not reported. The estimate of the NIISQ provision is based on market consistent assumptions of 3.4% p.a. inflation and the discount rate of 3.6% p.a. as at 30 June 2018 (3.5% and 3.8% respectively for 2017).

Queensland Government Insurance Fund (QGIF)

QGIF was established as a centrally managed self-insurance fund for the State’s insurable liabilities covering property, medical and other liabilities and is an administrative arrangement within the Consolidated Fund. QGIF aims to improve the management of insurable risks through identifying, providing for and funding the Government’s insurance liabilities. Participating government agencies pay premiums into the fund to meet the cost of claims and future insurable liabilities. QGIF outstanding claim liabilities are reported at whole of Government level, with claims paid out of Queensland Treasury’s Administered accounts.

The State’s QGIF provisions are actuarially assessed annually and are calculated in accordance with AASB 137. The liabilities relate to all claims incurred prior to 30 June 2018 and include an estimate of the cost of claims that are incurred but not reported. Expected future payments are discounted using yields on Australian government bonds. This risk free discount rate applied as at 30 June 2018 was 2.5% (2017: 2.55%).

Other provisions

(i) Power Purchase/Pooling Agreement provisions

A provision for onerous contracts has been realised in relation to long-term power purchase/pooling agreements (PPAs) when the unavoidable costs of meeting the ongoing obligations under these agreements exceed the expected benefits to be received. The provision for onerous contracts reflects the net present value of the least net cost of exiting these onerous PPAs, which is the lower of the cost of fulfilling the agreements or the compensation payable, as defined in these agreements, for early termination.

An onerous contract provision exists in relation to the Gladstone Interconnection and Power Pooling Agreement and was remeasured downwards by \$35 million during the year due to a change in future year cash flow assumptions.

The extent of the future losses from the power purchase/pooling agreements will depend on future wholesale pool prices as well as the need for the State to meet its network support obligations. The future level of Queensland wholesale pool prices remains significantly uncertain. The critical determinants of future pool prices will be the bidding behaviour of participants in the National Electricity Market, load growth, network reliability and the introduction of new generation capacity. The discount rate used reflects current market assessments of the time value of money and the risks specific to these obligations.

(ii) Restoration provisions

Provisions are recognised for dismantling, removal and restoration costs where a constructive obligation exists. The present value of the obligation is recorded in the initial cost of the asset.

General Government Sector movements in provisions

	Outstanding Claims 2018 \$M	QGIF 2018 \$M	Other Provisions 2018 \$M	Total 2018 \$M
Carrying amount at beginning of year	427	1,169	326	1,922
Additional provisions recognised	704	259	102	1,065
Reductions in provisions and payments	(143)	(133)	(58)	(334)
Change from remeasurement and discounting adjustments	(13)	(27)	22	(18)
Carrying amount at end of year	976	1,267	392	2,635

Total State Sector movements in provisions

	Outstanding Claims 2018 \$M	NIISQ 2018 \$M	QGIF 2018 \$M	Other Provisions 2018 \$M	Total 2018 \$M
Carrying amount at beginning of year	3,151	457	1,169	1,126	5,903
Additional provisions recognised	2,440	447	259	114	3,259
Reductions in provisions and payments	(1,512)	(22)	(133)	(60)	(1,727)
Change from remeasurement and discounting adjustments	(802)	443	(27)	43	(343)
Carrying amount at end of year	3,276	1,325	1,267	1,223	7,092

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
39. Other liabilities				
Current				
Unearned revenue	478	576	658	720
Environmental surrender obligations (RECs, GECs, NGACs)	—	—	159	123
Other	155	195	127	130
	<u>633</u>	<u>771</u>	<u>944</u>	<u>973</u>
Non-current				
Unearned revenue	243	246	681	702
Other	198	189	208	193
	<u>441</u>	<u>435</u>	<u>888</u>	<u>896</u>
	<u><u>1,073</u></u>	<u><u>1,206</u></u>	<u><u>1,833</u></u>	<u><u>1,869</u></u>
40. Notes to the Cash Flow Statement				
(a) Reconciliation of operating result to net cash flows from operating activities				
Operating result	1,368	3,173	2,074	7,269
Non-cash movements:				
Depreciation and amortisation	3,331	3,074	5,858	5,539
Net (gain)/loss on disposal/revaluation of non-current assets	(29)	(12)	(177)	150
Impairment and write-off of bad debts	(28)	(21)	66	(237)
Equity accounting (profit)/loss	2	3	2	3
Unrealised net (gain)/loss on borrowings/investments	50	331	(551)	(2,380)
Revaluation (increments)/decrements	107	(36)	(1,730)	(2,862)
Net asset write downs, transfers and donations	(322)	(374)	(371)	(442)
Other	143	(668)	192	108
(Increase)/decrease in receivables	(372)	(886)	(87)	(370)
(Increase)/decrease in inventories	9	26	(149)	(85)
(Increase)/decrease in prepayment and other assets	(40)	(21)	(42)	(14)
Increase/(decrease) in payables	393	689	316	1,433
Increase/(decrease) in provisions	680	202	1,138	632
Increase/(decrease) in other liabilities	(142)	198	72	286
Total non-cash movements	<u>3,782</u>	<u>2,505</u>	<u>4,537</u>	<u>1,760</u>
Cash flows from operating activities	<u><u>5,150</u></u>	<u><u>5,678</u></u>	<u><u>6,611</u></u>	<u><u>9,029</u></u>

Notes to the Financial Statements

40. Notes to the Cash Flow Statement continued

(b) Changes in Liabilities Arising from Financing Activities

General Government Sector									
	Cash Flows				Non-Cash Changes				Closing Balance 2018 \$M
	Closing Balance 2017 \$M	Cash Received \$M	Cash Payments \$M	New Leases \$M	Market Value Adjustment \$M	Time Value Adjustment \$M	Transfers/Reclass \$M	Debt Write off \$M	
Advances	1,830	3,254	(2,349)	—	—	11	—	—	2,747
Deposits	3	—	(1)	—	—	—	—	—	2
Borrowings	31,904	126	(151)	—	—	—	(2,085)	—	29,794
Leases	1,337	—	(326)	584	20	—	(1)	—	1,614
Other financing	—	50	(42)	—	122	—	(8)	—	122
	<u>35,073</u>	<u>3,430</u>	<u>(2,867)</u>	<u>584</u>	<u>142</u>	<u>11</u>	<u>(2,093)</u>	<u>—</u>	<u>34,279</u>
Total State Sector									
	Cash Flows				Non-Cash Changes				Closing Balance 2018 \$M
	Closing Balance 2017 \$M	Cash Received \$M	Cash Payments \$M	New Leases \$M	Market Value Adjustment \$M	Time Value Adjustment \$M	Transfers/Reclass \$M	Debt Write off \$M	
Advances	485	—	(34)	—	—	11	—	—	462
Deposits	5,040	557	(920)	—	—	—	25	—	4,701
Borrowings	879	—	(7)	—	—	—	(9)	—	863
Leases	1,337	—	(326)	584	20	—	(1)	—	1,614
Other financing	99,200	53,087	(54,448)	—	(1,190)	—	59	—	96,708
	<u>106,941</u>	<u>53,644</u>	<u>(55,735)</u>	<u>584</u>	<u>(1,170)</u>	<u>11</u>	<u>75</u>	<u>—</u>	<u>104,349</u>

Notes to the Financial Statements

41. Expenditure commitments

As at 30 June 2018, State Government entities had entered into the following capital and lease commitments. Commitments are exclusive of anticipated recoverable GST. These commitments are in addition to those disclosed as Public private partnerships (PPPs) in Note 27, except for finance lease commitments related to Education, Employment, Small Business and Training and Transport and Main Roads' PPPs which are also included in Note 27. Other than obligations under finance leases, commitments have not been recognised as liabilities in the Balance Sheet.

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
Capital expenditure commitments				
Capital expenditure commitments contracted for at reporting date but not recognised in the Balance Sheet are:	<u>2,974</u>	<u>2,653</u>	<u>3,601</u>	<u>3,216</u>
Operating lease commitments				
Not later than 1 year	548	511	653	620
Later than 1 year but not later than 5 years	1,431	1,447	1,831	1,847
Later than 5 years	1,409	1,360	1,916	1,923
	<u>3,388</u>	<u>3,318</u>	<u>4,399</u>	<u>4,390</u>

Operating leases are primarily entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed but with inflation escalation clauses on which contingent rentals are determined. Some renewal or extension options exist in relation to operating leases. No operating leases contain restrictions on financing or other leasing activities.

Finance lease commitments

Not later than 1 year	321	142	321	142
Later than 1 year but not later than 5 years	623	604	623	604
Later than 5 years	2,252	2,296	2,252	2,296
Total minimum lease payments*	3,195	3,041	3,195	3,041
Future finance charges	(1,581)	(1,705)	(1,581)	(1,705)
Total lease liabilities	<u>1,614</u>	<u>1,337</u>	<u>1,614</u>	<u>1,337</u>
Current lease liabilities (refer Note 37)	204	33	204	33
Non-current lease liabilities (refer Note 37)	1,410	1,303	1,410	1,303
	<u>1,614</u>	<u>1,337</u>	<u>1,614</u>	<u>1,337</u>

Finance leases are entered into as a means of funding the acquisition of certain non-current physical assets. Lease payments are generally fixed. No leases have escalation clauses other than in the event of payment default. A small number of leases have renewal or purchase options. Where such options exist, they are all exercisable at market prices.

* Includes minimum lease payments in relation to Education, Employment, Small Business and Training and Transport and Main Roads of \$1.4 billion (2017: \$1.1 billion) which are included in Note 27 PPPs.

42. Cash and other assets held in trust

Various monies were held in trust by State Government agencies at year end and have not been included as assets/liabilities in the Balance Sheet. A summary follows of entities holding assets in trust:

QIC Limited	—	—	47,157	42,822
The Public Trustee of Queensland	1,778	1,725	1,778	1,725
Department of Natural Resources, Mines and Energy	156	121	156	121
Queensland Performing Arts Trust	79	82	79	82
Queensland Police Service	72	49	72	49
Queensland Treasury	45	205	45	205
Department of Housing and Public Works	25	19	25	19
Queensland Rural and Industry Development Authority	20	21	20	21
Justice and Attorney-General	15	17	15	17
Other	69	63	69	63
	<u>2,261</u>	<u>2,303</u>	<u>49,418</u>	<u>45,125</u>

Notes to the Financial Statements

42. Cash and other assets held in trust continued

Security, tender and other deposits administered by the State in a fiduciary or trust capacity are not recognised in the financial statements but are disclosed for information purposes. Whilst these transactions and balances are in the care of the State, they are subject to the normal internal control and external audit requirements.

43. Contingent assets and liabilities

Contingent assets and liabilities represent items that are not recognised in the Balance Sheet because at balance date:

- there is a possible asset or obligation arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government; or
- there is a present obligation arising from past events but it is not recognised because it is either not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

Below are details of the more significant contingent assets and liabilities from a General Government and Total State Sector perspective.

Pursuant to section 15 of the *Queensland Treasury Corporation Act 1988*, any losses of QTC are the responsibility of the Consolidated Fund. On this basis, the contingent assets and liabilities of the Corporation, which forms part of the Public Financial Corporations Sector, are also incorporated in GGS statements.

	General Government		Total State Sector	
	Sector			
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
Contingent liabilities - quantifiable				
Nature of contingency				
Guarantees and indemnities	52,271	51,945	11,203	10,421
Other	13	326	16	328
	52,284	52,270	11,219	10,748

Guarantees and indemnities

General Government Sector

For the GGS, these mainly comprise guarantees of borrowings by local governments and Public Non-financial Corporations from QTC of \$8.619 billion and \$41.003 billion (2017, \$8.938 billion and \$41.47 billion) respectively and of insurance policies issued by Suncorp Life and Superannuation Limited of \$257 million (2017, \$274 million). QTC also provided guarantees of \$1.2 billion relating to Australian Financial Services Licences for CS Energy, Energy Queensland Limited and Stanwell, and guarantees of \$100 million (2017, \$180 million) relating to the trading activities in the National Electricity Market of subsidiaries of Energy Queensland Limited.

Total State Sector

From a Total State perspective, borrowings by Public Non-financial Corporations from QTC as disclosed above are eliminated on consolidation.

Other

General Government Sector

As at 30 June 2018, there are 23 cases (2017, 16 cases) filed with the courts relating to revenue collected by the Office of State Revenue. An estimate of the liability should the outcomes of the above mentioned cases prove unfavourable for the State is \$9 million (2017, \$271million).

Contingent liabilities - not quantifiable

General Government Sector

Legal proceedings and disputes

A number of legal actions have been brought against the State Government and its agencies. Notification has also been received of a number of other cases that are not yet subject to court action but which may result in subsequent litigation. Due to the wide variety and nature of the claims and the uncertainty of any potential liability, no value has been attributed to these actions/claims.

43. Contingent assets and liabilities continued
Contingent liabilities - not quantifiable continued
General Government Sector continued

Native Title

A number of native title claims that affect the Queensland Government have been filed with the National Native Title Tribunal under the *Native Title Act 1993 (Commonwealth)* . The Native Title Act provides for payment of compensation to native titleholders for a variety of acts that may affect native title.

The Government has a potential significant liability in respect of compensation arising from actions that have impaired native title rights and interests since 1975. The High Court is currently reviewing the Full Federal Court’s decision in relation to Griffiths v Northern Territory (known as the Timber Creek case). The High Court’s decision is expected to establish a methodology to value compensation associated with extinguishment and impairment of native title.

Securities, warranties and guarantees

The State has provided a number of securities, warranties and guarantees in the normal course of business. The amount of any future claims against these securities, warranties and guarantees cannot be reliably estimated.

Financial assurance liability gap for mining projects

Financial assurances are required for mining projects to cover the rehabilitation liability should a mining leaseholder fail to undertake rehabilitation. The liability to undertake rehabilitation work remains the responsibility of the mining leaseholder. The State’s responsibility in regards to rehabilitation is limited to managing any potential public safety and health risks only. At reporting date, it is not possible to determine the extent or timing of any potential financial effect of this responsibility.

Long-term sales permits

The Department of Agriculture and Fisheries has issued long-term permits to various sawmilling businesses regarding the supply of log timber from State-owned native forests. These sales permits provide for the payment of compensation by the State to the holder to the extent that the specified quantity of log timber is not harvested from the particular State-owned forests.

Collingwood Park guarantee

Due to a mine subsidence event that occurred at Collingwood Park in 2008, the State, under the *Mineral Resources Act 1989* , provides a guarantee to owners of affected land to stabilise land, repair subsidence related damage (if cost effective to do so), or purchase land beyond economic repair.

Investigations into non-conforming building products

The State has established a dedicated taskforce to determine the existence of, and develop a response strategy regarding, non-conforming building products (particularly around aluminium composite panelling) on Queensland Government owned buildings and non-government owned buildings. At the time of certification of the financial statements, the taskforce has not been able to confirm the extent of this risk for the State or a quantification of the financial impact. This work will conclude in 2018-19.

Impact of disasters

As a result of disasters impacting Queensland, further claims are anticipated on the State via the Queensland Reconstruction Authority. As per the 2018-19 Budget papers, the expected future expenditure in relation to disasters is \$860 million (2017, \$1.184 billion), the majority of which is expected to be recovered from the Commonwealth.

The Queensland Floods Commission of Inquiry delivered its Final Report on 16 March 2012. The State is implementing relevant recommendations from the Interim and Final Reports. Certain property owners have commenced a class action making claims against the State in respect of the January 2011 flood.

Social benefit bond trial

The Department of Child Safety, Youth and Women has responsibility for administering two Social Benefit Bonds (SBBs): Indigenous Disadvantage (Newpin) and Multi Systematic Therapy (Youth Choice). Payment by the department is dependent on demonstrating the delivery of outcomes. The contingency relates to the portion of the payment where reliable estimates for the outcome payments are not available.

Contaminated land

The State Government controls certain areas of land that are affected by pollutants. The agencies involved will be obliged to restore these assets to a safe and useable condition in the event that their use changes, for example, when the land is sold. Given its nature, it is not possible to provide an estimate of the potential liability of this exposure.

43. Contingent assets and liabilities continued

Contingent liabilities - not quantifiable continued

Total State Sector

In addition to the above GGS non-quantifiable contingent liabilities, the following relate specifically to the Public Non-financial and Financial Corporation Sectors.

WorkCover Queensland

The *Workers’ Compensation and Rehabilitation Act 2003* provides that the State Government guarantees every WorkCover policy or other insurance contract with WorkCover Queensland, a statutory body. Given the nature of this contingency, it is not possible to estimate the liability, if any, due under this heading.

QIC Limited

QIC Limited, in its capacity as trustee, is potentially liable for the unsettled liabilities of a number of trusts that it administers. However, under the respective trust deeds, the Corporation is entitled to be indemnified out of the assets of the trusts for any losses or outgoings that may be sustained in its role as trustee, provided the trustee has acted within the terms of the trust deeds.

The directors have assessed the recoverable amounts of the assets of the trusts and concluded that currently they have excess assets over liabilities.

Funds managed by QIC Limited in a trustee capacity totalled \$47.487 billion at 30 June 2018 (2017, \$43.135 billion).

State asset sales

As part of the State’s asset sales process in 2011-12 (the initial public offering of shares in QR National Limited (now Aurizon Limited), the Forestry Plantations business, the Port of Brisbane business, the Abbot Point Coal Terminal (X50) business and Queensland Motorways Limited), the State put in place a number of contractual arrangements which result in contingent liabilities as follows:

- Superannuation indemnity for QR National and Forestry Plantations Queensland for the cost of employer contributions above a particular threshold for their employees who remained as members of QSuper’s defined benefit category.
- State indemnities for directors and officers of relevant Government-owned corporations and State public servants were put into place in relation to liabilities which might arise out of the restructuring and sale of the various sale entities.
- Indemnities as to tax and other liabilities (including previous cross border lease liabilities) accrued during the State’s ownership.
- Compensation potentially payable in the event that the leases issued over land and infrastructure by State agencies are terminated.
- Compensation potentially payable for improvements in the event of the termination of relevant leases.
- Various warranties in relation to the businesses sold.

At present, the State is unaware of any breaches of agreements and there are no claims being made. As such, it is not possible to estimate any potential financial effect should such a claim arise in the future.

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
Contingent assets - quantifiable				
Nature of contingency				
Guarantees and indemnities	7,898	6,929	8,644	7,665
Other	1	12	1	12
	7,900	6,941	8,645	7,678

Guarantees

General Government Sector

The Department of Natural Resources, Mines and Energy holds financial assurances of \$6.411 billion (2017, \$5.361 billion) for mining projects, to cover rehabilitation should a leaseholder fail to undertake rehabilitation.

The Departments of Environment and Science and Natural Resources, Mines and Energy hold bank guarantees totalling \$1.144 billion and \$17 million (2017, \$1.461 billion and \$17 million) respectively as financial security to ensure compliance with various acts, environmental management activities, vegetation management development applications and other agreements.

The Department of Innovation, Tourism Industry Development and the Commonwealth Games holds bank guarantees totalling \$200 million (2017: Nil).

43. Contingent assets and liabilities continued

Contingent assets - quantifiable continued

Guarantees continued

General Government Sector continued

The Department of Health held \$3 million (2017, \$2 million) in guarantees from third parties which are related to capital projects.

The Department of State Development, Manufacturing, Infrastructure and Planning holds bank guarantees in relation to the Advance Queensland Industry Attraction Fund (AQIAF) and other financial support provided to public sector proponents totalling \$122 million (2017, \$31 million).

The Department of Local Government, Racing and Multicultural Affairs held bank guarantees for the performance and satisfaction of construction contracts amounting to \$53 million in 2017.

Total State Sector

In addition to the above General Government Sector quantifiable guarantees and indemnities, the following relate specifically to the Public Non-financial and Financial Corporation sectors.

WorkCover Queensland holds bank guarantees on behalf of self-insurers totalling \$470 million (2017, \$489 million).

Queensland Rail holds bank, insurance company and other guarantees of \$191 million (2017, \$186 million).

Energy Queensland Limited holds bank guarantees totalling \$84 million (2017, \$62 million) mainly relating to the construction of capital assets for energy customers.

Other

Contingent assets - not quantifiable

General Government Sector

Department of Natural Resources, Mines and Energy and SunWater Limited land

The Department of Natural Resources, Mines and Energy and SunWater Limited (SunWater) share a 8.827 hectare site at Rocklea. Various agreements entered into since 2001 with SunWater carry an obligation on SunWater to provide a freehold portion of land to the department at no cost with sale proceeds from the surplus land payable to SunWater. The sale of surplus land is subject to various approvals from Brisbane City Council, leading to uncertainty about the timing of the sale and therefore the time at which the Department of Natural Resources, Mines and Energy will receive freehold title. For these reasons, it is not possible to provide a reliable estimate of the value of the land at balance date.

National Health Reform funding

The Department of Health may receive additional National Health Reform funding from the Commonwealth Government for health care activities delivered in 2016-17 and 2017-18. This is contingent on decisions being made by the Commonwealth and therefore cannot be reliably measured as at 30 June 2018.

Total State Sector

Insurance claims

There are a number of insurance and other claims against external parties yet to be finalised in relation to various matters.

Bank guarantees

SunWater Limited holds a number of bank guarantees in the event of non-payment of services.

QIC performance fees

Performance fees are potentially receivable by QIC Limited subject to specific criteria being met over the performance period. If the performance criteria are not met over the performance period, no performance fee is receivable. At year end, based on performance to date, there remains a significant degree of uncertainty over whether performance targets will be achieved over the performance periods for some performance fee arrangements and it is not possible to estimate the financial effect of the contingent asset.

Notes to the Financial Statements

44. Post balance date events

On 30 August 2018, the Government announced the establishment of CleanCo, a new renewable energy electricity generator. CleanCo will be a new government-owned corporation focused on renewable projects.

Bus services within South East Queensland (SEQ) are delivered by transport service providers. The Department of Transport and Main Roads has in place contracts with each service provider which are governed by the *Transport Operations (Passenger Transport) Act 1994*. The Department of Transport and Main Roads finalised negotiations for 10 New Generation SEQ Bus Contracts in July 2018. The total expenditure commitment for these 10 contracts is estimated to be \$1.643 billion over the next seven years.

45. Defeased cross border leases

There were not any notable cross border or leveraged leases at financial year end.

46. Financial risk management disclosure

The State’s activities expose it to a variety of financial risks, such as credit risk, liquidity risk and market risk (including interest rate risk, price risk and foreign exchange risk). The State’s overall risk management objectives, policies and strategies focus on minimising financial risk exposures and seek to mitigate potential adverse effects. The diverse nature of the financing and investing activities undertaken by agencies across the Queensland Government supports a decentralised approach to risk management. Individual agencies are responsible for managing risks to which they are exposed.

Risk management strategies in relation to the State’s financial assets and liabilities are summarised below. Additional risk management information can be found in individual agencies’ general purpose financial reports.

(a) Credit risk

Credit risk exposure represents the potential loss that would be recognised if counterparties failed to meet contractual obligations in relation to receivables, loans and other financial assets. Credit risk is regularly assessed, measured and managed in strict accordance with credit risk policies.

The credit risk in relation to receivables is managed in the following manner:

- trading terms require payment within a specified period after the goods and services are supplied;
- outstanding accounts are assessed for impairment at each reporting date based on objective evidence of impairment;
- bad debts are written off as they are incurred;
- the credit ratings of all counterparties are monitored and limits adjusted where necessary;
- where possible, transactions are undertaken with a large number of counterparties to avoid concentrations of credit risk;
- collateral arrangements are utilised to limit derivative credit exposure; and
- derivative transactions are undertaken via recognised derivative trading exchanges where practical.

Receivables and loans past due but not impaired and past due and individually impaired are disclosed in Note 24.

Credit risk in relation to loans and other financial assets is managed through regular analysis of borrowers, potential borrowers and financial market counterparties with respect to their ability to meet interest and capital repayment obligations. Where appropriate, collateral is obtained in the form of rights to securities, deeds of undertaking, letters of credit or guarantees.

Credit risk for the GGS and TSS on recognised financial assets, including derivatives, is the carrying amount of these assets in the Balance Sheet, net of any impairment losses. The State’s major concentrations of credit risk are with the banking sector, the National Electricity Market, the electricity distribution market and rural, housing and health sectors.

The credit exposure for derivative contracts, other than electricity derivatives, is calculated utilising the ‘value-at-risk’ methodology which takes into account the current market value, duration, term to maturity and interest rate and/or exchange rate volatility. The State utilises collateral arrangements to limit its derivative credit exposure.

The State is exposed to significant concentrations of credit risk in the finance sector, in particular, the domestic banking sector. While the State has been focused on diversifying its investment portfolio, investments in bank credit predominate because of the State’s requirement to invest with counterparties rated BBB+ or better and to invest in highly liquid securities. A ratings-based approach is used to determine maximum credit exposure, as well as the counterparty’s credit metrics, country of domicile, size of its funding programs, asset composition and quality of the underlying security.

Notes to the Financial Statements

46. Financial risk management disclosure continued

(a) Credit risk continued

The State’s largest holder of investments and non-electricity derivatives is QTC. QTC’s credit risk exposures and its counterparty exposures by rating are as follows:

	<i>AAA</i>	<i>AA+</i>	<i>AA</i>	<i>AA-</i>	<i>A+</i>	<i>A</i>	<i>Other</i>	<i>Total</i>
By credit rating 2018	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Cash & equivalent	—	—	—	641	—	—	—	641
Financial assets	1,423	586	257	15,041	2,141	1,573	180	21,201
Derivatives	—	—	—	42	11	—	—	53
	<u>1,423</u>	<u>586</u>	<u>257</u>	<u>15,724</u>	<u>2,152</u>	<u>1,573</u>	<u>180</u>	<u>21,895</u>
	6%	3%	1%	72%	10%	7%	1%	100%

	<i>AAA</i>	<i>AA+</i>	<i>AA</i>	<i>AA-</i>	<i>A+</i>	<i>A</i>	<i>Other</i>	<i>Total</i>
By credit rating 2017	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Cash & equivalent	—	—	—	2,125	—	—	—	2,125
Financial assets	1,413	382	332	14,848	1,244	570	339	19,128
Derivatives	—	—	—	69	45	—	—	114
	<u>1,413</u>	<u>382</u>	<u>332</u>	<u>17,042</u>	<u>1,289</u>	<u>570</u>	<u>339</u>	<u>21,367</u>
	6%	2%	2%	80%	6%	2%	2%	100%

The State also operates in the National Electricity Market, operated by the Australian Energy Market Operator, which has strict prudential guidelines that minimise the potential for credit related losses. This is supported by individual GOCs’ Board approved policies. Security deposits, letters of credit or bank guarantees are obtained from customers to mitigate possible losses. Credit risk exposures that relate to electricity derivative financial instruments are managed under International Swaps and Derivatives Association (ISDA) agreements. The ISDA also has a strict credit policy, based on counterparties’ credit ratings and requiring appropriate security.

The State has made loans and advances to primary producers and small businesses at either commercial or concessional interest rates. The credit risk of the rural sector is mitigated through collateral in the form of real property mortgages.

Master netting arrangements

The GGS does not have financial instruments that are subject to enforceable master netting arrangements or similar agreements.

The Total State Sector enters into derivative transactions under ISDA Master Agreements and similar agreements. Under the terms of these agreements, the right to set off is enforceable only on the occurrence of default or other credit events. The Total State Sector’s ISDA agreements do not currently meet the criteria for offsetting at balance date, and accordingly the relevant assets and liabilities are shown grossed up.

Collateral is also transferred with derivative counterparties to reduce the Total State Sector’s credit exposure.

The following table presents financial instruments that are subject to enforceable master netting or similar agreements but not yet offset in the balance sheet. The column ‘net amount’ shows the impact on Total State if all set off rights were exercised.

	Gross amount	Master netting & collateral	Net amount
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
2018			
Financial assets:			
- Derivative assets	420	(228)	192
Financial liabilities:			
- Derivative liabilities	379	(195)	184
- Non-derivative financial liabilities	4	—	4
Net exposure	<u>37</u>	<u>(33)</u>	<u>4</u>

Notes to the Financial Statements

46. Financial risk management disclosure continued

(a) Credit risk continued

Master netting arrangements continued

	Gross amount \$M	Master netting & collateral \$M	Net amount \$M
2017			
Financial assets:			
- Derivative assets	916	(651)	265
Financial liabilities:			
- Derivative liabilities	1,068	(518)	550
Net exposure	(152)	(132)	(285)

(b) Liquidity risk

Liquidity risk arises from the possibility that individual agencies may be unable to settle a transaction on the due date. A range of funding strategies is used to ensure funds are available, such as maintaining a sufficient level of cash holdings to fund unexpected cash flows. QTC measures the minimum liquidity requirement to comfortably meet the following scenarios simultaneously:

- Standard & Poor’s Liquidity Ratio - maintaining a ratio greater than 80% of liquid assets over debt;
- Liquidity forecast - maintaining a minimum of \$4 billion forecast liquidity over any pending 12 month period; and
- Daily cash balances - maintaining a minimum of five working days’ net cash requirements in 11AM cash, RBA repo eligible securities and Negotiable Certificates of Deposits to fund the net cash flows from assets and liabilities on QTC’s Balance Sheet.

Liquidity risk of electricity market trading is controlled by the Australian Energy Market Operator, whereby all market participants are required to deliver irrevocable bank guarantees as security for timely settlement.

The contractual maturities of financial liabilities are included below:

General Government Sector

The table below sets out the contractual cash flows of the GGS financial liabilities. It is calculated based on undiscounted cash flows relating to the repayment of principal and interest amounts outstanding at balance date.

As at 30 June 2018

	1 Year or Less \$M	1 to 5 Years \$M	Over 5 Years \$M	Total \$M	Carrying Value \$M
Payables	6,271	369	436	7,076	7,076
Commonwealth borrowings	52	237	312	602	462
Other liabilities at amortised cost	2,576	547	2,555	5,679	4,437
QTC borrowings	1,405	5,293	28,666	35,364	29,256
Government securities and other loans at fair value	2	—	—	2	2
Derivatives	—	38	113	151	122
	10,307	6,484	32,083	48,874	41,355

As at 30 June 2017

	1 Year or Less \$M	1 to 5 Years \$M	Over 5 Years \$M	Total \$M	Carrying Value \$M
Payables	5,943	331	430	6,704	6,704
Commonwealth borrowings	47	262	349	659	485
Other liabilities at amortised cost	1,423	358	2,103	3,884	3,227
QTC borrowings	1,587	5,677	30,686	37,951	31,358
Government securities and other loans at fair value	3	—	—	3	3
	9,004	6,629	33,569	49,201	41,778

Notes to the Financial Statements

46. Financial risk management disclosure continued

(b) Liquidity risk continued

Total State Sector

The table below sets out the contractual cash flows of the TSS’s financial liabilities. It is calculated based on undiscounted cash flows relating to the repayment of principal and interest amounts outstanding at balance date.

	<i>1 year or less \$M</i>	<i>1 to 5 years \$M</i>	<i>Over 5 years \$M</i>	<i>Total \$M</i>	<i>Carrying value \$M</i>
As at 30 June 2018					
Payables	7,918	676	436	9,030	9,030
Commonwealth borrowings	52	237	312	602	462
Other liabilities at amortised cost	292	547	2,555	3,395	2,152
Government securities and other loans at fair value	23,690	40,150	51,278	115,118	101,234
Derivatives	245	164	121	529	500
	<u>32,197</u>	<u>41,774</u>	<u>54,703</u>	<u>128,674</u>	<u>113,380</u>
	<i>1 year or less \$M</i>	<i>1 to 5 years \$M</i>	<i>Over 5 years \$M</i>	<i>Total \$M</i>	<i>Carrying value \$M</i>
As at 30 June 2017					
Payables	7,403	879	430	8,712	8,712
Commonwealth borrowings	47	262	349	659	485
Other liabilities at amortised cost	78	358	2,103	2,539	1,882
Government securities and other loans at fair value	23,558	41,375	44,746	109,680	103,503
Derivatives	673	326	13	1,012	1,071
	<u>31,761</u>	<u>43,200</u>	<u>47,641</u>	<u>122,602</u>	<u>115,653</u>

(c) Market risk

(i) Interest rate and unit price risk

Interest income

The GGS and TSS are exposed to interest rate risk through investments managed by QIC Limited, cash deposits with the Commonwealth Bank of Australia and borrowings from the Commonwealth Government. The GGS is also exposed to interest rate risk through its deposits and fixed rate notes with QTC. The Long Term Asset Advisory Board (LTAAB) determines the investment objectives, risk profiles and strategy for the Long Term Assets within the framework provided by the Government. Since July 2012, LTAAB has been reducing risk in the Asset Portfolio. The result was a reduction in expected return and volatility. In light of this strategy, the expected rate of return on the portfolio on which the interest rate on the fixed rate notes is set was reduced to 7% from 1 July 2015 and retained for 2017-18. These assets are held to fund superannuation and other long-term obligations of the State.

The GGS does not undertake hedging in relation to interest rate risk on cash deposits or borrowings. This is managed as per the liquidity risk management strategy.

Interest expense

A number of other State-owned entities enter into interest rate swaps, forward rate agreements and futures contracts to assist in the management of interest rate risk. In some instances, interest rate swaps are utilised to swap medium to long term fixed rate borrowings into floating rate. At times, floating to fixed swaps may be undertaken to generate a fixed rate term funding profile.

General Government Sector

The GGS is exposed to movements in interest rates and managed fund unit prices through its cash deposits, investments and borrowings.

The effect of a 1% movement in interest rates on the GGS cash balances would be a \$13 million (2017: \$10 million) change in the GGS operating result and equity.

The GGS has fixed rate notes with QTC and other investments with QIC Limited that are exposed to interest rate changes and changes in the unit price of the funds managed. The rate on the fixed rate notes is reviewed annually and was changed to 7% with effect from 1 July 2015. Assuming all other variables remained constant, if the return on the notes and investments moved by +/-1%, the GGS operating result and equity would have been approximately \$322 million higher or lower (2017: \$330 million).

46. Financial risk management disclosure continued

(c) Market risk continued

(i) Interest rate and unit price risk continued

General Government Sector continued

QTC borrowings by the GGS are in the form of fixed rate loans, generic debt pool borrowings (which are akin to fixed rate loans) or floating rate loans. Although the majority of the GGS agency borrowings are either fixed rate loans or generic debt pool loans, the Consolidated Fund bears the risk of movements between the fixed rate and market rate. Consequently, if interest rates on QTC borrowings were to change by 1%, the effect on GGS operating result and equity would be approximately \$293 million (2017: \$314 million).

Total State Sector

As the State’s corporate treasury, QTC undertakes portfolio management activities on behalf of the State and raises funding in advance of requirements to ensure Queensland public sector entities have ready access to funding when required and also to reduce the risk associated with refinancing maturing loans. In addition, QTC holds and invests surplus funds on behalf of its clients and for liquidity management purposes. These activities expose the State to interest rate risk including basis risk which is managed within a value-at-risk (VaR) framework and complemented by other measures such as defined stress tests and PVBP (the change in present value for a 1 basis point movement).

	Total State Sector	
	2018	2017
	\$M	\$M
Interest rate risk VaR at 30 June	11	16
Average for the year	14	14
Financial year - minimum	11	10
Financial year - maximum	24	16

The above VaR calculation does not include the potential mark-to-market impact of changes in credit spreads on the value of assets held in the QTC Cash Fund. At 30 June 2018, the State had an exposure of approximately \$0.90 million (2017: \$0.77 million) per basis point to changes in credit spreads of assets held in the QTC Cash Fund.

The effect of a 1% movement in interest rates on the State’s cash balances would result in a \$12 million (2017: \$26 million) change to the State’s operating result and equity.

The State has other investments exposed to interest rate changes and changes in the unit price of the funds managed by QIC Limited. Assuming all other variables remained constant, if the return on these investments moved by 1%, the effect on the State’s operating result and equity would be approximately \$368 million (2017: \$371 million). For the range of changes to the operating result and equity that are considered reasonably possible at year end refer to individual agency statements, particularly QTC.

(ii) Share price and commodity price risk

Share price risk

At 30 June 2017, the State held less than 3% of the shares in Aurizon Holdings Limited (formerly QR National Limited), which is listed on the Australian Stock Exchange. Consequently, it is exposed to changes in the share price. If the share price changed by 10%, the effect on the State’s operating result and equity would be approximately \$24 million (2017: \$29 million).

Commodity price risk

Other State entities are exposed to commodity price risk resulting from changes in electricity, coal, gas, diesel and other commodity prices. Longer term fixed price supply agreements are utilised to manage risk in relation to coal and gas. A variety of swaps, futures, options and forward exchange contracts are used to hedge against price fluctuations of other commodities, such as diesel fuel. Electricity derivatives (mostly price swaps and futures) are used to protect against movements in the price of electricity in the National Electricity Market. The contracts are recognised at trade date and settled net, with cash flows expected within three years.

As a result of its ownership of electricity generating Government-owned corporations, the State is exposed to Electricity Price Risk.

Each entity is responsible for its own risk management and may make varying assumptions in assessing its sensitivity to such movements. The agencies with a material impact for TSS are CS Energy, Energy Queensland Limited and Stanwell Corporation Limited.

Notes to the Financial Statements

46. Financial risk management disclosure continued

(c) Market risk continued

(ii) Share price and commodity price risk continued

Commodity price risk continued

On the assumption that all other variables remain constant, the impact of electricity forward price movements on the State’s operating result and equity are as follows:

	2018				2017			
	Operating Result		Equity		Operating Result		Equity	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
CS Energy	(25)	16	(127)	117	—	(4)	(134)	134
	+20%	-20%	+20%	-20%	+20%	-20%	+20%	-20%
Energy Queensland Limited	6	(1)	171	(166)	25	(21)	127	(124)
	+30%	-30%	+30%	-30%	+30%	-30%	+30%	-30%
Stanwell	(22)	54	(275)	254	(133)	157	(461)	437

(d) Foreign exchange risk

The State is exposed to movements in foreign currencies as a result of future commercial transactions and recognised assets and liabilities denominated in currencies other than the Australian dollar. The State enters into forward exchange contracts, currency options and swaps to effectively manage the exposure resulting from purchases of various plant, equipment and component parts in foreign currencies. Foreign exchange risk is managed by individual agencies which hedge significant proportions of anticipated transactions in line with their respective risk management strategies.

The State also borrows offshore to provide access to additional sources of funding and diversify risk and undertakes investments in foreign currency assets. To effectively manage the exposure to fluctuations in exchange rates, forward exchange contracts and cross currency swaps are used.

The State’s exposure to foreign exchange risk is not considered material due to the effectiveness of risk management strategies.

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
47. Net fair value of financial instruments				
The carrying amounts of the GGS and TSS financial assets and financial liabilities by category are:				
Financial assets				
Cash and deposits	1,298	1,027	1,201	2,586
Receivables and loans at amortised cost	5,585	5,685	5,372	5,185
Held-to-maturity	30,024	31,153	258	354
Fair value through profit and loss (at initial recognition)	2,223	2,086	69,473	68,707
Fair value through profit and loss (held for trading/not hedge accounted)	1	—	306	757
Available-for-sale investments	23,519	22,239	419	384
	<u>62,650</u>	<u>62,191</u>	<u>77,028</u>	<u>77,972</u>
Financial liabilities				
Amortised cost	41,231	41,775	11,661	11,097
Fair value through profit and loss (at initial recognition)	2	3	101,311	103,896
Fair value through profit and loss (held for trading/not hedge accounted)	122	—	408	660
	<u>41,355</u>	<u>41,778</u>	<u>113,380</u>	<u>115,653</u>
Net gains/(losses) on available-for-sale investments recognised in equity	(1)	(3)	(1)	(3)

The carrying amounts of GGS and TSS’s financial assets and liabilities, including cash, deposits, receivables and payables, equate approximately to their net fair value, except as outlined below.

	Carrying amount	Fair value	Carrying amount	Fair value
	2018	2018	2017	2017
	\$M	\$M	\$M	\$M
General Government Sector				
Financial Liabilities				
QTC borrowings	29,300	31,534	31,402	33,912

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 13. The three levels of fair value hierarchy reflect the significance of the inputs used to determine the valuation of these instruments.

- 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; and
- Level 3: represents fair value measurements that are substantially derived from inputs that are not based on observable market data.

Level 1
The fair value of financial assets and liabilities with standard terms and conditions and traded in an active market is based on unadjusted quoted market prices. Financial instruments in this category include certain equity and debt investments where quoted prices are available from an active market, such as publicly traded derivatives, short-term and tradeable bank deposits, actively traded Commonwealth and semi-government bonds and investments in certain unit trusts.

Level 2
The fair value of financial assets and liabilities is determined by using quoted market prices in active markets for similar instruments or quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly (prices) or indirectly (derived from prices) observable from market data, other than quoted prices included in Level 1. Financial instruments in this category include fixed interest deposits, fixed term notes, commercial paper, non-actively traded corporate, government and semi-government bonds, certain money market securities, unit trusts and other derivatives such as over-the-counter derivatives, forward exchange contracts, commodity swaps, interest rate and cross currency swaps and some electricity derivatives.

Level 3
Where financial instruments are measured using valuation techniques based on unobservable inputs or observable inputs to which significant adjustments have been applied, such instruments are included in level 3 of the fair value hierarchy. These may include unit trusts, power purchase agreements and other electricity derivative contracts.

Notes to the Financial Statements

47. Net fair value of financial instruments continued

Valuation policies and procedures of the GGS and TSS are developed and reviewed by management of respective agencies. Major valuation techniques adopted by the GGS and TSS include market comparison techniques, option valuation models, forecasting, estimated discounted cash flow techniques, and extrapolation, scalar and translation techniques. There have been no material changes in the above valuation techniques used during the year.

Significant valuation inputs used to value financial instruments categorised within level 2 and level 3 of the fair value hierarchy are:

- Broker quotes or market prices for similar instruments;
- Expected cash flows;
- Interest rates;
- Exchange rates;
- Market indices;
- Credit spreads;
- Forward curve prices;
- Extrapolation rates;
- Scalar and translation factors;
- Market volatility; and
- Renewable Energy Targets.

The following table presents the GGS and TSS financial assets and liabilities recognised and measured at fair value.

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
General Government Sector				
2018				
Assets				
Financial assets at fair value through profit or loss				
Rental Purchase Plan	—	188	—	188
Other investments	139	1,693	156	1,988
Available-for-sale financial assets				
Corporate bonds	398	—	—	398
Total assets	538	1,881	156	2,575
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	—	—	122	122
Total liabilities	—	—	122	122
2017				
Assets				
Financial assets at fair value through profit or loss				
Rental Purchase Plan	—	187	—	187
Other investments	131	1,618	123	1,872
Available-for-sale financial assets				
Corporate bonds	357	—	—	357
Total assets	488	1,805	123	2,416

There were no General Government Sector financial liabilities at fair value in 2017.

Notes to the Financial Statements

47. Net fair value of financial instruments continued

	Level 1	Level 2	Level 3	Total
	\$M	\$M	\$M	\$M
Total State Sector				
2018				
Assets				
Financial assets at fair value through profit or loss				
Rental Purchase Plan	—	188	—	188
Derivatives	97	292	23	412
Securities and bonds	11,457	3,121	—	14,579
Shares	238	—	—	238
Loans	—	9,425	—	9,425
Other investments	803	29,893	14,186	44,882
Available-for-sale financial assets				
Corporate bonds	398	—	—	398
Total assets	12,994	42,920	14,209	70,122
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	160	187	153	500
Deposits	—	4,684	—	4,684
Government securities issued	86,316	9,892	—	96,208
Borrowings	—	325	—	325
Total liabilities	86,476	15,087	153	101,716
2017				
Assets				
Financial assets at fair value through profit or loss				
Rental Purchase Plan	—	187	—	187
Derivatives	332	499	25	856
Securities and bonds	5,083	7,639	—	12,723
Shares	294	—	—	294
Loans	—	9,731	—	9,731
Other investments	809	29,834	14,939	45,583
Available-for-sale financial assets				
Corporate bonds	357	—	—	357
Shares	7	—	—	7
Total assets	6,883	47,890	14,965	69,738
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	482	583	6	1,070
Deposits	—	5,020	—	5,020
Government securities issued	85,853	12,276	—	98,129
Borrowings	—	334	—	334
Total liabilities	86,335	18,213	6	104,553

Classification of instruments into fair value hierarchy levels is reviewed annually and the GGS and TSS recognise any transfers between levels of the fair value hierarchy during the reporting period in which the transfer has occurred.

Floating rate notes were transferred from level 2 to level 1 during the year ended 30 June 2018. There were no significant transfers between level 1 and level 2 during the year ended June 2017. There were no derivative instruments of the TSS transferred out of level 3 to level 2 in 2018 but there were certain derivatives transferred in 2017 due to an increase in market liquidity and the instruments becoming readily available.

Net changes in level 3 instruments are not material.

The sensitivity of the State’s financial instruments is disclosed in Note 46.

48. Retirement benefit obligations

Retirement benefit liabilities include the following final salary defined benefit schemes:

- State Public Sector Superannuation Scheme (QSuper);
- Pensions provided in accordance with the *Judges’ (Pensions and Long Leave) Act 1957* (Judges’ Scheme); and
- Energy Super Fund (ESF)

QSuper and Judges’ Schemes

The State Public Sector Superannuation Fund (QSuper) defined benefit scheme provides accrued benefits based on a member’s salary, contribution rate and length of membership. State Government budget-dependent agencies, together with certain statutory bodies and Government owned corporations, (excluding principally the Queensland electricity supply industry), make employer contributions as required.

QSuper is a regulated defined benefit scheme under the prudential supervision of the Australian Prudential Regulation Authority (APRA) and is subject to the legislation under the *Superannuation Industry (Supervision) Act 1993* and Regulations. The provisions of the *Superannuation (State Public Sector) Act 1990* and the *Superannuation (State Public Sector) Deed 1990* govern the operation of QSuper. The QSuper Board of Trustees is responsible for the management of QSuper.

The QSuper scheme is assessed annually by the State Actuary. The latest full actuarial review of the QSuper scheme was as at 30 June 2017 and was presented in a report dated 1 December 2017.

The QSuper defined benefit account is closed to new members.

The Judges’ Scheme provides defined benefit pension entitlements to serving judges, Crime and Corruption Commission Queensland Commissioners and Parole Board President and the Deputy Presidents and is governed by the provisions of the *Judges (Pensions and Long Leave) Act 1957* , the *Crime and Corruption Act 2001* and the *Corrective Services Act 2006* . The Judges’ Scheme is a wholly unfunded scheme.

These schemes expose the State to the following :

- Inflation risk - the defined benefit obligations are linked to employees’ salaries and therefore the net liability position can be adversely affected by an increase in the defined benefit obligation resulting from unexpected wage inflation. Similarly, the proportion of the defined benefit obligation linked to the consumer price index (pensions) is also subject to the risk of unexpected price inflation;
- Interest rate risk - a decrease in the discount rate will increase the defined benefit obligations;
- Investment risk resulting from the mismatch between the current investment strategy and the liabilities; and
- Demographic risk resulting from unexpected employee movements.

QSuper also incorporates defined contribution categories, for which the State has no further legal or constructive obligation other than to pay contributions. These liabilities and assets have been accounted for in accordance with the standards relevant to defined contribution schemes. In particular, no assets or liabilities relating to the funded Defined Contribution scheme have been included in the Balance Sheet. The expense relating to these schemes is the amount of employer contributions.

Energy Super Fund

Queensland electricity entities contribute to an industry multiple employer superannuation fund, the Energy Super Fund (ESF). The ESF was formed on 1 April 2011 with the merger of the Electricity Supply Industry Superannuation Fund (QLD) (ESI Super) and Superannuation Plan for Electrical Contractors (SPEC Super). Members are entitled to benefits from the fund on retirement, resignation, retrenchment, disability or death.

ESF is regulated by APRA under the *Superannuation Industry (Supervision) Act 1993* .

The defined benefit account of this fund is a funded plan which provides defined lump sum benefits based on years of service and average final salary. Employer contributions to the defined benefit section of the plan are based on recommendations by the plan’s actuary. The actuary has adopted the aggregate funding method to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. This funding method seeks to have benefits funded by a total contribution which is expected to be a constant percentage of members’ salaries and wages over their working lifetimes. Actuarial assessments are made at no more than three yearly intervals, with the most recent actuarial assessment undertaken as at 30 June 2016 by Sunsuper Financial Services Pty Ltd.

The ESF does not impose a legal liability on employer agencies to cover any deficits that may exist in the fund. If the fund were to be wound up there would be no legal obligation on employer agencies to make good any shortfall. The Trust Deed of the Fund states that if the Fund is terminated, after payment of all costs and member benefits in respect for the period up to the date of termination, any remaining assets are to be distributed by the Trustees of the Fund, acting on the advice of the actuary, to participating employers.

Employer agencies may benefit from any surplus in the Fund in the form of a contribution reduction or contribution holiday. Any reduction in contributions would normally be implemented only after advice from the Fund’s actuary.

The defined benefit account of this fund is closed to new members.

Notes to the Financial Statements

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
48. Retirement benefit obligations continued				
Present value of the defined benefit obligation				
QSuper DB	31,615	31,091	31,615	31,091
Judges	827	766	827	766
ESF	—	—	772	859
Total present value of the defined benefit obligation	<u>32,442</u>	<u>31,857</u>	<u>33,214</u>	<u>32,716</u>
Fair value of plan assets				
QSuper DB	6,442	5,810	6,442	5,810
ESF	—	—	1,140	1,194
Total fair value of the plan assets	<u>6,442</u>	<u>5,810</u>	<u>7,582</u>	<u>7,004</u>
Defined benefit obligation Liability/(Asset) recognised in Balance Sheet				
QSuper DB	25,173	25,281	25,173	25,281
Judges	827	766	827	766
ESF	—	—	(368)	(335)
Liability/(Asset) recognised in Balance Sheet	<u>26,000</u>	<u>26,047</u>	<u>25,632</u>	<u>25,712</u>
Reconciliation of the present value of the defined benefit obligation				
Opening balance	31,857	32,596	32,716	33,635
Current service cost	905	952	938	990
Contributions by plan participants	209	225	218	235
Interest cost	818	613	852	643
Benefits paid (including contributions tax)	(1,984)	(1,965)	(2,143)	(2,128)
Actuarial (gain)/loss	638	(564)	634	(659)
Closing balance	<u>32,442</u>	<u>31,857</u>	<u>33,214</u>	<u>32,716</u>
Reconciliation of the fair value of plan assets				
Opening balance	5,810	5,236	7,004	6,448
Return on plan assets at discount rate	150	99	196	133
Return on plan assets above discount rate (actuarial gain)	537	529	584	623
Employer contributions - State share of beneficiary payments	1,700	1,668	1,700	1,668
Employer contributions	—	—	3	7
Contributions by plan participants	209	225	218	235
Benefits paid (including contributions tax)	(1,964)	(1,947)	(2,123)	(2,110)
Closing balance	<u>6,442</u>	<u>5,810</u>	<u>7,582</u>	<u>7,004</u>
Present value of the obligation by funding policy				
Present value of the obligation - wholly unfunded	827	766	827	766
Present value of the obligation - wholly/partly funded	25,173	25,281	24,804	24,946
	<u>26,000</u>	<u>26,047</u>	<u>25,632</u>	<u>25,712</u>
Amounts recognised in Operating Statement				
Current service cost (including employer contributions)	905	952	938	990
Superannuation interest cost	667	514	656	510
Total amounts recognised in Operating Statement	<u>1,572</u>	<u>1,466</u>	<u>1,594</u>	<u>1,500</u>

Notes to the Financial Statements

48. Retirement benefit obligations continued

	General Government		Total State Sector	
	Sector			
	2018	2017	2018	2017
	\$M	\$M	\$M	\$M
Remeasurements of net defined benefit obligation				
Actuarial gain/(loss) due to changes in demographic assumptions	(407)	—	(407)	—
Actuarial gain/(loss) due to changes in financial assumptions	(575)	949	(575)	1,020
Actuarial gain/(loss) due to changes in experience adjustments	344	(385)	348	(361)
Return on plan assets above discount rate	537	528	585	624
Amounts recognised in Statement of Changes in Net Assets (Equity)	(101)	1,092	(49)	1,283

Plan Asset Allocations

The State Public Sector Superannuation scheme holds investments with the following asset allocations:

	2018	2018	2017	2017
	Quoted	Unquoted	Quoted	Unquoted
	\$M	\$M	\$M	\$M
Global equities	4,565	—	3,970	—
Global private equity	—	113	—	127
Global real estate	—	1,240	—	1,151
Cash and fixed interest	—	524	—	562
Total	4,565	1,877	3,970	1,840

QSuper plan assets are those held within the QSuper Trust Fund only. QSuper holds investments in unit trusts that hold financial instruments issued by the State. These instruments are difficult to value accurately and are immaterial in proportion to the value of the unit trusts. In addition, these trusts own properties which are used by Government agencies. Again the exact values attributable to these tenancies are difficult to determine accurately, nor do they represent a material proportion of the fair value of plan assets.

No plan assets are held in respect of the Judges’ Scheme.

	2018	2017
	\$M	\$M
The major categories of Energy Super Fund plan assets are as follows:		
Global equities	571	597
Cash and fixed interest	171	179
Real estate	114	121
Other	284	297
	1,140	1,194

	2018	2017	2018	2017
	QSuper DB	QSuper DB	ESF	ESF
	\$M	\$M	\$M	\$M
Actual return on plan assets	688	627	93	130

	QSuper DB	ESF
Estimate of State share of benefits (employer contributions) to be paid in 2018-19	2,029	3

48. Retirement benefit obligations continued

Principal actuarial assumptions at 30 June 2018	QSuper DB	Judges	ESF
Discount rate (gross)	2.60%	2.60%	3.7 - 3.9%
Future inflationary salary increases	3.10%	3.10%	3.0 - 4.0%
Expected CPI increases	2.10%	N/A	N/A

Principal actuarial assumptions at 30 June 2017	QSuper DB	Judges	ESF
Discount rate (gross)	2.70%	2.70%	3.8 - 4.0%
Future inflationary salary increases	3.00%	3.00%	3.0 - 4.0%
Expected CPI increases	2.00%	N/A	N/A

At 30 June 2018, the weighted average duration of the QSuper defined benefit obligation is 8.2 years (8.7 years, 2017) and 9 years for the ESF defined benefit obligation.

Sensitivity Analysis for each significant actuarial assumption

	<i>\$M</i> QSuper DB	<i>\$M</i> Judges
Change in defined benefit obligation brought about by a 1% increase in:		
Discount rate	(2,462)	(114)
Future inflationary salary increases	2,594	141
Expected CPI increases	178	N/A

The sensitivity analysis shown above represents the effects of notional changes in each of the key parameters underlying the obligations, while holding all other assumptions constant. The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions are correlated. They are not intended to represent any particular probability of occurrence.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

QSuper funding arrangements and funding policy that affect future contributions

QSuper defined benefit category members are required to contribute a percentage of salary. Standard member contributions range between 2-6% of salary.

Unlike typical regulated defined benefit schemes, only the employee contributions are held within the QSuper Fund. Employer contributions received from employing authorities are held separate from the QSuper Fund in the Long Term Asset portfolio held by Queensland Treasury Corporation. The State makes a last minute contribution to the QSuper Fund when a member exits the defined benefit scheme. Employer contributions to the Fund are decided by the QSuper Board based on the recommendation of the Actuary (93% of benefit payments) as per the relevant actuarial investigation for funding purposes.

Under the Debt Action Plan announced in the 2015-16 Budget the Government has suspended for five years, commencing in 2015-16, the investment of defined benefit employer contributions.

The Long Term Asset portfolio held by the Government, within the TSS, to fund the employee entitlement liabilities includes interest rate and inflation linked portfolios intended to partially hedge the corresponding liability risks.

Employee numbers

The number of full time equivalent employees in the GGS at 30 June 2018 relating to the GGS entities listed in Note 50 totalled 229,455 (2017: 222,017). The full time equivalent employees number for 2018 calculated using the same scope as Budget Paper 2 (Table 5.2) is 223,728 (2017: 215,868).

The number of Total State full time equivalent employees at 30 June 2018 relating to the consolidated entities listed in Note 50 totalled 249,525 (2017: 241,516).

49. Related parties and Ministerial remuneration

Key Management Personnel

All Ministers in the Queensland Cabinet are considered to be Key Management Personnel (KMP) of the State (including the GGS).

The aggregate remuneration of all Ministers (according to the period of time each Member of Parliament served as Minister) is as follows:

	2018 \$M	2017 \$M
Short-term benefits	6	6
Post-service benefits	1	1
Total	7	7

Short-term benefits include base and additional salary entitlements, motor vehicle allowances, personal use of motor vehicles, chauffeur services and other entitlements. Post-service benefits comprise Government superannuation contributions for Ministers.

There are no material transactions between the State and Key Management Personnel.

Transactions between the GGS and entities within the PNFC and PFC sectors

Note 1(b) describes the reporting relationship between the GGS and entities within the PNFC and PFC sectors. These entities are partially consolidated and are disclosed as Investments in public sector entities in Note 25(b). Names of these individual entities can be found in Note 50.

The following are the major transactions and balances (>\$100 million) between the GGS and other public sector entities:

Revenue and assets

The GGS records dividend and income tax equivalent income from entities within the PNFC and PFC sectors as per Note 7 and the related receivables per Note 24(a). Deferred tax equivalent income from the PNFC and PFC sectors is shown on the Operating Statement and deferred tax equivalent assets and liabilities are shown on the Balance Sheet.

The State has cash fund balances with QTC which are disclosed in Note 23.

The GGS holds fixed rate notes from QTC which earn interest that is included in Note 6, and the Balance Sheet amount is disclosed in Note 25(a). The rate on the fixed rate notes is also discussed in Note 46(c)(i).

The GGS receives competitive neutrality fees from entities within the PNFC sector which are included in guarantee fees per Note 3. GGS payroll tax revenue per Note 3 includes \$105 million (2017 \$107 million) from entities within PNFC and PFC sectors.

Expenses and liabilities

The GGS has borrowings with QTC; Note 13 discloses the interest expense which is predominantly with QTC and the borrowing balances are shown in Note 37(b). Further information on the terms of the QTC loans can be found in Note 46(c)(i).

Under the State’s cash management regime, GOCs advance surplus cash to the GGS. The GGS pays interest on these advances at the QTC Cash Fund rate. The balance outstanding on these GOC advances is per Note 37(b).

The GGS has a Transport Service Contract expense with Queensland Rail, disclosed in Note 11, and pays Community Service Obligations to Electricity and Water PNFC entities as per Note 14.

In 2016-17, as part of the Powering Queensland Plan, the GGS has assumed the obligation for the Solar Bonus Scheme for the next 3 years and granted \$771 million to Energy Queensland Limited to fund this cost. This expense is included in Note 14.

Workers’ compensation premiums are paid to WorkCover by the GGS as per Note 9.

Equity injections and withdrawals

During 2016-17, the GGS transferred \$600 million in investments to fund the National Injury Insurance Scheme Queensland, a Public Financial Corporation and \$110 million in equity was returned from North Queensland Bulk Ports Corporation as part of the Government’s Debt Action Plan. Dividends treated as capital returns are disclosed in Note 19.

50. Controlled entities

Public sector entities are generally considered material for the purposes of this report if they meet either of the following criteria:

- net operating result in excess of \$5 million; or
- net assets in excess of \$75 million.

However, in addition to material entities, the State consolidates some entities which are not material in terms of the operating position or net asset position criteria if they are either a department or if they are funded for the delivery of services.

When financial results are available in respect of non-material entities, they are reviewed with the aim of including any newly material entities in the following year’s consolidated financial statements.

Newly created entities that are expected to meet the materiality criteria on the basis of their initial budget estimates are included in the consolidated financial statements from the time of their establishment.

The following controlled entities of the Government have been included in the consolidated financial statements for the year ended 30 June 2018. The list has been classified by activity sectors as outlined in Note 1(c).

Entities denoted with an asterisk are consolidated with the accounts of the preceding entity.

The GGS has 100% ownership and voting power in other Queensland public sector entities, classified as either Public Non-financial Corporations or Public Financial Corporations below.

General Government

Departments of Government

- Aboriginal and Torres Strait Islander Partnerships Agriculture and Fisheries
- Child Safety, Youth and Women (Established as at 12 December 2017)
- Communities, Disability Services and Seniors (Renamed as at 12 December 2017)
- Education (Renamed as at 12 December 2017)
- Employment, Small Business and Training (Established as at 12 December 2017)
- Energy and Water Supply (Abolished as at 12 December 2017) Environment and Science (Renamed as at 12 December 2017)
 - * Corporate Administration Agency - shared service provider
 - * Arts Queensland
- Housing and Public Works
 - * Building and Asset Services - commercialised business unit
 - * QFleet - commercialised business unit
 - * CITEC - commercialised business unit
 - * Queensland Shared Services - shared service provider
- Innovation, Tourism Industry Development and the Commonwealth Games (Renamed as at 12 December 2017)
- Justice and Attorney-General
- Local Government, Racing and Multicultural Affairs (Renamed as at 12 December 2017)
- National Parks, Sports and Racing (Abolished as at 12 December 2017)
- Natural Resources, Mines and Energy (Renamed as at 12 December 2017)
- Premier and Cabinet
 - *Screen Qld Pty Ltd
- Public Safety Business Agency
- Public Service Commission
- Queensland Corrective Services (Established 21 December 2017)
- Queensland Fire and Emergency Services
- Queensland Health
- Queensland Police Service
- Queensland Treasury
- Science, Information Technology and Innovation (Abolished as at 12 December 2017)
- State Development, Manufacturing, Infrastructure and Planning (Renamed as at 12 December 2017)
 - * Economic Development Queensland - commercialised business unit
- Transport and Main Roads
 - * RoadTek - commercialised business unit

50. Controlled entities continued

General Government continued

Other General Government entities

- Anti-Discrimination Commission
- Board of the Queensland Museum
 - * Queensland Museum Foundation Trust
- Crime and Corruption Commission
- Cross River Rail Delivery Authority
- Electoral Commission of Queensland
- Gold Coast 2018 Commonwealth Games Corporation
- Gold Coast Waterways Authority
- Hospital and Health Services
 - Cairns and Hinterland
 - Central Queensland
 - Central West
 - Children’s Health Queensland
 - Darling Downs
 - Gold Coast
 - Mackay
 - Metro North
 - Metro South
 - North West
 - South West
 - Sunshine Coast
 - Torres and Cape
 - Townsville
 - West Moreton
 - Wide Bay
- Legal Aid Queensland
- Legislative Assembly
- Library Board of Queensland
 - * Queensland Library Foundation
- Motor Accident Insurance Commission
- Nominal Defendant
- Office of the Governor
- Office of the Health Ombudsman
- Office of the Information Commissioner
- Office of the Inspector-General of Emergency Management
- Office of the Ombudsman
- Prostitution Licensing Authority
- Public Service Commission
- Queensland Agricultural Training Colleges
- Queensland Art Gallery Board of Trustees
 - * Queensland Art Gallery I Gallery of Modern Art (QAGOMA) Foundation
- Queensland Audit Office
- Queensland Building and Construction Commission
- Queensland Curriculum and Assessment Authority
- Queensland Family and Child Commission
- Queensland Mental Health Commission
- Queensland Performing Arts Trust
- Queensland Racing Integrity Commission
- Queensland Reconstruction Authority
- Queensland Rural and Industry Development Authority (previously QRAA)
- Residential Tenancies Authority
- South Bank Corporation
- TAFE Queensland
 - * Aviation Australia Pty Ltd (Formed in October 2001 however not previously consolidated)
- The Council of the Queensland Institute of Medical Research
- The Public Trustee of Queensland
- Tourism and Events Queensland
 - * Gold Coast Events Management Ltd
- Trade and Investment Queensland

50. Controlled entities continued

Public Non-financial Corporations

- CS Energy Limited
 - * Aberdare Collieries Pty Ltd
 - * Callide Energy Pty Ltd
 - * CS Energy Group Holdings Pty Ltd
 - * CS Energy Group Operations Holdings Pty Ltd
 - * CS Energy Kogan Creek Pty Ltd
 - * CS Energy Oxyfuel Pty Ltd
 - * CS Kogan (Australia) Pty Ltd
 - * Kogan Creek Power Pty Ltd
 - * Kogan Creek Power Station Pty Ltd
- Energy Queensland Limited
 - *Energex Limited Australia
 - *Ergon Energy Corporation Limited
 - *Ergon Energy Queensland Pty Ltd
 - *SPARQ Solutions Pty Ltd
 - *Varnsdorf Pty Ltd
 - *VH Operations Pty Ltd
 - *Yurika Pty Ltd
 - *Metering Dynamics Pty Ltd
 - *Ergon Energy Telecommunications Pty Ltd
- Far North Queensland Ports Corporation Limited
- Gladstone Area Water Board
- Gladstone Ports Corporation Limited
 - * Gladstone Marine Pilot Services Pty Ltd
 - * Gladstone WICET Operations Pty Ltd (dormant)
- Mount Isa Water Board
- North Queensland Bulk Ports Corporation Limited
- Port of Townsville Limited
- Powerlink Queensland
 - * Harold Street Holdings Pty Ltd
 - * Powerlink Transmission Services Pty Ltd
- Queensland Bulk Water Supply Authority (trading as Seqwater)
- Queensland Rail
 - * Queensland Rail Limited
 - * On Track Insurance Pty Ltd
- Queensland Treasury Holdings Pty Ltd (controlled entity of Queensland Treasury)
 - * Brisbane Port Holdings Pty Ltd
 - * City North Infrastructure Pty Ltd (dormant)
 - * DBCT Holdings Pty Ltd
 - * Network Infrastructure Company Pty Ltd (dormant)
 - * Queensland Airport Holdings (Cairns) Pty Ltd (dormant)
 - * Queensland Airport Holdings (Mackay) Pty Ltd (dormant)
 - * Queensland Lottery Corporation Pty Ltd
- Stadiums Queensland
- Stanwell Corporation Limited
 - * Energy Portfolio 1 Pty Ltd (dormant)
 - * Glen Wilga Coal Pty Ltd (dormant)
 - * Goondi Energy Pty Ltd
 - * Mica Creek Pty Ltd
 - * SCL North West Pty Ltd
 - * Tarong Energy Corporation Pty Ltd (dormant)
 - * Tarong Fuel Pty Ltd
 - * Tarong North Pty Ltd
 - * TEC Coal Pty Ltd
 - * TN Power Pty Ltd
- SunWater Limited
 - * Burnett Water Pty Ltd
 - * Eungella Water Pipeline Pty Ltd
 - * North West Queensland Water Pipeline Pty Ltd

50. Controlled entities continued

Public Financial Corporations

QIC Limited (non-trading entities are not included in this list)

- *QIC (UK) Management Limited
- *QIC European Investment Services Limited
- *QIC Infrastructure Management No.2 Pty Ltd
- *QIC Infrastructure Management Pty Ltd
- *QIC Investments No. 1 Pty Ltd
- *QIC Investments No. 2 Pty Ltd
- *QIC Investments No. 3 Pty Ltd
- *QIC Private Capital Pty Ltd
- *QIC Retail Pty Ltd
- *QICP Pty Ltd (previously QIC Properties Pty Ltd)
- * QIC US Management, Inc.
 - *QIC Corporate Management, Inc.
 - *QIC Global Infrastructure (US), Inc.
 - *QIC Non-Member Manager LLC
 - *QIC Properties US, Inc.
 - *QIC US Investment Services Inc
 - *QIC US Management, Inc.
 - *QIC US Private Equity, LLC
 - *QIC US Private Equity No. 2 LLC
 - *QIC US Regional Shopping Center Fund GP LLC
 - *QIC US Shopping Centre Fund No.1 GP LLC
 - *South Bay Managing Member LLC

The National Injury Insurance Agency, Queensland
Queensland Treasury Corporation
WorkCover Queensland

51. Reconciliation to GFS

The following reconciliations to GFS are determined in accordance with the ABS GFS Manual.

(a) Reconciliation to GFS Net Operating Balance

	Notes	GGS \$M	PNFC \$M	PFC \$M	Elims \$M	Total State Sector \$M
2018						
Net result from transactions						
Net operating balance (as per Operating Statement)		1,753	1,893	(1,810)	(1,909)	(73)
Convergence differences						
Other operating expenses - onerous contract	a	—	(2)	—	—	(2)
Other property expenses - income transferred by Public Enterprises as dividends	b	—	(1,849)	(60)	1,909	—
Total convergence differences		—	(1,851)	(60)	1,909	(2)
GFS Net Operating Balance		<u>1,753</u>	<u>42</u>	<u>(1,870)</u>	<u>—</u>	<u>(75)</u>
2017						
Net result from transactions						
Net operating balance (as per Operating Statement)		2,825	2,398	(1,383)	(1,688)	2,152
Convergence differences						
Other operating expenses - onerous contract	a	—	(2)	—	—	(2)
Other property expenses - income transferred by Public Enterprises as dividends	b	—	(1,647)	(41)	1,688	—
Total convergence differences		—	(1,649)	(41)	1,688	(2)
GFS Net Operating Balance		<u>2,825</u>	<u>749</u>	<u>(1,424)</u>	<u>—</u>	<u>2,150</u>

Notes:

The convergence differences comprise:

- a. The Operating Statement treats onerous contract expenses as other economic flows included in the operating result. GFS only recognises expenses from transactions when payments are made from the provision. This difference flows through to the TSS.
- b. GFS treats dividends to owners as an expense, whereas in the Operating Statement, they are treated as a distribution to owners and therefore a direct debit to equity. The differences do not flow through to the TSS as they arise from intersector transactions.

Notes to the Financial Statements

51. Reconciliation to GFS continued

An elimination difference arises in respect of social benefits of \$38 million (2017: \$37 million) in the GGS and \$133 million (2017: \$92 million) in the TSS. In accordance with the ABS GFS Manual, certain transactions within and between the GGS and the PNFC sector are not eliminated on consolidation of the GGS or TSS, whereas under AASB 10, intragroup transactions are eliminated in full. These benefits are grossed up for GFS reporting in sales of goods and services and other operating expenses and there is no net effect on the Net operating balance.

(b) Reconciliation to GFS Fiscal Balance

	Notes	GGS \$M	PNFC \$M	PFC \$M	Elims \$M	Total State Sector \$M
2018						
Fiscal Balance (as per Operating Statement)		(586)	1,797	(1,783)	(1,917)	(2,490)
Convergence differences						
Relating to net operating balance		—	(1,851)	(60)	1,909	(2)
Purchases of non-financial assets	a	(103)	—	—	—	(103)
Sales of non-financial assets	a	50	—	—	—	50
Change in net inventories	a, b	13	—	—	—	13
GFS Fiscal Balance		(626)	(55)	(1,843)	(8)	(2,531)
2017						
Fiscal Balance (as per Operating Statement)		560	2,101	(1,349)	(1,652)	(341)
Convergence differences						
Relating to net operating balance		—	(1,649)	(41)	1,688	(2)
Purchases of non-financial assets	a	(116)	—	—	—	(116)
Sales of non-financial assets	a	81	—	—	—	81
Change in net inventories	a, b	(2)	—	—	—	(2)
GFS Fiscal Balance		523	452	(1,390)	36	(379)

Notes:

The convergence differences comprise:

- GFS treats purchases and sales of land inventories and assets held for rental and subsequently held for sale as purchases and sales of non-financial assets. These are reflected in changes in net inventories for AASB 1049.
- For AASB 1049, change in net inventories includes total changes in the balance of land inventories and assets held for rental and subsequently held for sale.

(c) Reconciliation to GFS Total Change in Net Worth

	Notes	GGS \$M	PNFC \$M	PFC \$M	Elims \$M	Total State Sector \$M
2018						
Comprehensive result - total change in net worth before transactions with owners as owners (as per Operating Statement)		721	2,922	284	(2,503)	1,423
Convergence differences						
Income transferred from Public Enterprises as dividends	a	—	(1,849)	(60)	1,909	—
Relating to other economic flows						
Net gain on investments in other entities	b	439	—	—	(439)	—
Deferred income tax equivalents	c	(445)	418	27	—	—
Net restoration costs	d	—	18	—	—	18
Onerous contracts	e	—	(24)	—	—	(24)
Remeasurement of shares and other contributed capital	f	—	(1,485)	(251)	1,736	—
Total convergence differences		(7)	(2,922)	(284)	3,206	(7)
GFS Total Change in Net Worth		714	—	—	702	1,417

Notes to the Financial Statements

51. Reconciliation to GFS continued

(c) Reconciliation to GFS Total Change in Net Worth continued

	Notes	GGSSM	PNFCM	PFCM	ElimsM	Total State SectorM
2017						
Comprehensive result - total change in net worth before transactions with owners as owners (as per Operating Statement)		6,889	2,460	662	423	10,433
Convergence differences						
Income transferred from Public Enterprises as dividends	a	—	(1,647)	(41)	1,688	—
Relating to other economic flows						
Net gain on investments in other entities	b	339	—	—	(339)	—
Deferred income tax equivalents	c	(274)	232	41	—	—
Net restoration costs	d	(8)	90	—	—	81
Onerous contracts	e	—	(24)	(1)	—	(24)
Remeasurement of shares and other contributed capital	f	—	(1,111)	(662)	1,773	—
Total convergence differences		57	(2,460)	(662)	3,122	57
GFS Total Change in Net Worth		6,945	—	—	3,545	10,490

Notes:

The convergence differences comprise:

- a. GFS treats dividends to owners as an expense, whereas in the Operating Statement, they are treated as a distribution to owners and therefore a direct debit to equity. The differences do not flow through to the TSS as they arise from intersector transactions.
- b. The measurement of equity investments in other public sector entities differs for GFS in that, for example, onerous contract provisions and deferred income tax balances are not recognised in net worth under GFS. In addition, the negative net worth of the individual public sector entities is included in the GGS valuation of those entities.
- c. GFS does not recognise deferred income tax equivalents at all, whereas the Operating Statement recognises the deferred income tax equivalents and classifies them as other economic flows. The differences do not flow through to the TSS as they arise from intersector transactions.
- d. GFS does not recognise restoration costs, whereas restoration costs have been recognised in the Operating Statement. This difference flows through to the TSS.
- e. The Operating Statement treats onerous contract expenses as other economic flows included in the operating result. GFS only recognises expenses from transactions when payments are made from the provision. This difference flows through to the TSS
- f. GFS measures net worth as assets less liabilities less shares/contributed equity (remeasured). Shares/contributed equity are not deducted under Australian Accounting Standards.

Notes to the Financial Statements

51. Reconciliation to GFS continued

(d) Reconciliation to GFS Net Worth

	Notes	GGSSM	PNFC SM	PFC SM	Elims SM	Total State Sector SM
2018						
Net Worth (as per Balance Sheet)		195,708	18,905	4,216	(28,694)	190,135
Convergence differences						
Financial assets						
Investment in other entities	a	6,451	—	—	(6,451)	—
Non-financial assets						
Restoration assets	b	(2)	(69)	—	—	(70)
Deferred tax assets	c	(6,420)	(536)	(46)	7,002	—
Liabilities						
Deferred tax liabilities	d	582	6,331	88	(7,002)	—
Restoration provision	e	1	535	—	—	537
Provision for onerous contracts	f	—	147	—	—	147
Shares and other contributed equity	g	—	(25,314)	(4,259)	29,572	—
Total convergence differences		613	(18,905)	(4,216)	23,121	613
GFS Net Worth		196,321	—	—	(5,573)	190,748
2017						
Net Worth (as per Balance Sheet)		194,988	17,890	3,993	(28,158)	188,712
Convergence differences						
Financial assets						
Investment in other entities	a	6,012	—	—	(6,012)	—
Non-financial assets						
Restoration assets	b	(2)	(50)	—	—	(52)
Deferred tax assets	c	(6,186)	(749)	(45)	6,980	—
Liabilities						
Deferred tax liabilities	d	794	6,126	60	(6,980)	—
Restoration provision	e	1	499	—	—	501
Provision for onerous contracts	f	—	170	—	—	170
Shares and other contributed equity	g	—	(23,887)	(4,008)	27,894	—
Total convergence differences		619	(17,890)	(3,993)	21,883	619
GFS Net Worth		195,607	—	—	(6,275)	189,332

Notes:

The convergence differences comprise:

- a. The measurement of equity investments in other public sector entities differs for GFS in that, for example, net restoration provisions, onerous contract provisions and deferred income tax balances are not recognised in net worth under GFS. In addition, the negative net worth of the individual public sector entities is included in the GGS valuation of those entities.

	General Government Sector	
	2018 SM	2017 SM
Reconciliation of GAAP GGS investments in other public sector entities to GFS		
Investments in other public sector entities under GAAP	23,120	21,882
Add net deferred tax equivalent liabilities reported by PNFC and PFC	5,837	5,392
Add provisions for onerous contracts recorded by PNFC and PFC	147	170
Add net restoration costs	467	449
Investments in other public sector entities under GFS	29,571	27,894

Notes to the Financial Statements

51. Reconciliation to GFS continued

(d) Reconciliation to GFS Net Worth continued

- b. GFS does not recognise restoration assets, whereas restoration assets have been recognised in the Balance Sheet. This difference flows through to the TSS.
- c. GFS does not recognise deferred tax assets, whereas deferred tax assets are classified as non-financial assets in the Balance Sheet. The difference does not flow through to the TSS as it arises from intersector transactions.
- d. GFS does not recognise deferred tax liabilities, whereas deferred tax liabilities are classified as non-financial liabilities in the Balance Sheet. The difference does not flow through to the TSS as it arises from intersector transactions.
- e. GFS does not recognise restoration provisions, whereas restoration provisions have been recognised in the Balance Sheet. This difference flows through to the TSS.
- f. GFS does not recognise a provision for onerous contracts, whereas a provision for onerous contracts is recognised in the Balance Sheet. This difference flows through to the TSS.
- g. GFS measures net worth as assets less liabilities less shares/contributed equity. Shares/contributed equity are not deducted under Australian Accounting Standards.

(e) Reconciliation to GFS Cash Surplus/(Deficit)

	Notes	GGS \$M	PNFC \$M	PFC \$M	Elims \$M	Total State Sector \$M
2018						
Cash surplus/(deficit)		315	207	(1,246)	22	(702)
Convergence differences						
Acquisitions under finances leases and similar arrangements	a	(584)	—	—	—	(584)
GFS Cash Surplus/(Deficit)		(269)	207	(1,246)	22	(1,286)
2017						
Cash surplus/(deficit)		1,448	1,834	(1,098)	7	2,189
Convergence differences						
Acquisitions under finances leases and similar arrangements	a	(758)	—	—	—	(758)
GFS Cash Surplus/(Deficit)		690	1,834	(1,098)	7	1,431

- Notes:
- a. The convergence differences arise because GFS recognises a notional cash outflow relating to new finance leases and similar arrangements in calculating cash surplus/(deficit), whereas the Cash Flow Statement does not recognise notional cash flows. This total difference flows through to the TSS.

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2018 \$M	2017 \$M	2018 \$M	2017 \$M
52. Expenses from transactions by function				
General public services	5,391	5,483	9,629	9,331
Public order and safety	4,992	4,732	4,924	4,680
Economic affairs	1,717	2,421	7,131	7,474
Environmental protection	786	797	771	790
Housing and community amenities	963	932	1,666	1,680
Health	16,834	15,739	16,739	15,642
Recreation, culture and religion	1,606	965	1,677	1,018
Education	13,618	12,976	13,473	12,839
Social protection	4,655	3,771	4,994	4,165
Transport	5,772	5,553	6,091	5,832
	<u>56,335</u>	<u>53,369</u>	<u>67,096</u>	<u>63,450</u>
53. Sector assets by function				
General public services ¹	47,174	46,266	63,001	63,296
Public order and safety	8,214	8,095	7,953	7,915
Economic affairs	11,353	11,904	42,470	43,201
Environmental protection	72,467	70,913	72,458	70,907
Housing and community amenities	18,314	17,358	31,987	30,861
Health	15,106	14,683	15,061	14,638
Recreation, culture and religion	4,149	4,067	4,825	4,737
Education	21,632	20,723	21,503	20,566
Social protection	2,003	1,885	2,702	2,175
Transport	70,234	73,927	79,874	83,088
	<u>270,647</u>	<u>269,821</u>	<u>341,834</u>	<u>341,385</u>

1 For GGS, includes fixed rate notes and investments in other public sector entities. For TSS, includes investments managed by QIC, securities and bonds.

Notes to the Financial Statements

54. General Government Sector budget to actual comparison

Operating Statement

	Variance Notes	Published Budget 2018 \$M	Actual 2018 \$M	Change \$M	Change %
Revenue from Transactions					
Taxation revenue		13,298	13,244	(54)	-0.4%
Grants revenue	1	27,631	27,966	336	1.2%
Sales of goods and services		6,067	5,884	(183)	-3.0%
Interest income		2,330	2,389	59	2.5%
Dividend and income tax equivalents income	2	2,057	2,920	863	41.9%
Other revenue	3	4,487	5,685	1,198	26.7%
Total Revenue from Transactions		55,869	58,087	2,219	4.0%
Less Expenses from Transactions					
Employee expenses	4	22,420	22,678	258	1.2%
Superannuation expenses					
Superannuation interest cost		600	667	68	11.3%
Other superannuation expenses		2,753	2,744	(9)	-0.3%
Other operating expenses		17,037	17,258	221	1.3%
Depreciation and amortisation	5	3,094	3,324	231	7.5%
Other interest expense		1,706	1,614	(92)	-5.4%
Grants expenses		8,114	8,048	(66)	-0.8%
Total Expenses from Transactions		55,724	56,335	611	1.1%
Equal Net Operating Balance		145	1,753	1,608	
Other Economic Flows - Included in Operating Result					
Gain/(loss) on sale of assets and investments/settlement of liabilities		19	29	9	
Revaluation increments and impairment loss reversals		(26)	(79)	(53)	
Asset write-down, revaluation decrements and impairment loss		(219)	(239)	(20)	
Actuarial adjustments to liabilities		77	(69)	(146)	
Deferred income tax equivalents		64	(42)	(106)	
Dividends and tax equivalents treated as capital returns		20	50	30	
Other		(10)	(34)	(24)	
Total Other Economic Flows - Included in Operating Result	6	(75)	(384)	(309)	
Operating Result		70	1,368	1,298	
Other Economic Flows - Other Movements in Equity					
Revaluations		3,784	(647)	(4,432)	
Other		1	—	(1)	
Total Other Economic Flows - Other Movements in Equity	7	3,785	(647)	(4,433)	
Comprehensive Result - Total Changes in Net Worth		3,855	721	(3,134)	
KEY FISCAL AGGREGATES					
Net Operating Balance		145	1,753	1,608	
Less Net Acquisition/(Disposal) of Non-Financial Assets					
Purchases of non-financial assets		5,123	5,127	4	
Less Sales of non-financial assets		392	291	(101)	
Less Depreciation		3,093	3,325	231	
Plus Change in inventories		71	13	(58)	
Plus Other movement in non-financial assets		797	815	18	
Equals Total Net Acquisition/(Disposal) of Non-Financial Assets		2,506	2,339	(167)	
Equal Fiscal Balance		(2,361)	(586)	1,774	

Notes to the Financial Statements

54. General Government Sector budget to actual comparison continued

Balance Sheet

	Variance Notes	Published Budget 2018 \$M	Actual 2018 \$M	Change \$M	Change %
Assets					
Financial Assets					
Cash and deposits	8	548	1,298	749	136.6%
Receivables and loans					
Receivables	9	4,190	4,750	559	13.3%
Advances paid		831	629	(202)	-24.4%
Loans paid		135	207	72	53.4%
Securities other than shares	10	32,166	32,639	473	1.5%
Shares and other equity investment					
Investments in public sector entities		22,787	23,120	333	1.5%
Investments in other entities		8	8	—	0.0%
Investments accounted for using equity method		148	147	(1)	-0.9%
Total Financial Assets		60,814	62,797	1,983	3.3%
Non-Financial Assets					
Inventories		600	524	(77)	-12.7%
Assets held for sale		50	184	134	266.6%
Investment properties		354	371	18	5.0%
Property, plant and equipment	11	203,749	198,609	(5,140)	-2.5%
Intangibles		713	806	93	13.1%
Deferred tax asset		6,119	6,420	300	4.9%
Other non-financial assets		822	935	113	13.8%
Total Non-Financial Assets		212,407	207,850	(4,558)	-2.1%
Total Assets		273,221	270,647	(2,575)	-0.9%
Liabilities					
Payables	12	4,089	4,396	307	7.5%
Employee benefit obligations					
Superannuation liability	13	23,355	26,000	2,645	11.3%
Other employee benefits	14	5,510	5,974	464	8.4%
Deposits held		3	2	(1)	
Borrowings and advances					
Advances received	15	1,541	2,747	1,206	78.3%
Borrowings	16	33,758	31,408	(2,350)	-7.0%
Securities other than shares		—	122	122	100%
Deferred tax liability		494	582	88	17.9%
Provisions	17	1,807	2,635	828	45.8%
Other liabilities	18	743	1,073	330	44.4%
Total Liabilities		71,300	74,939	3,639	5.1%
Net Assets		201,922	195,708	(6,214)	-3.1%
Net Worth					
Accumulated surplus		89,712	89,705	(8)	0.0%
Reserves		112,210	106,004	(6,206)	-5.5%
Total Net Worth		201,922	195,709	(6,214)	-3.1%
KEY FISCAL AGGREGATES					
Net Financial Worth		(10,485)	(12,141)	(1,656)	
Net Financial Liabilities		33,273	35,261	1,989	
Net Debt		1,622	(494)	(2,116)	

Notes to the Financial Statements

54. General Government Sector budget to actual comparison continued

Cash flow Statement

	Variance Notes	Published Budget 2018 \$M	Actual 2018 \$M	Change \$M	Change %
Cash Flows from Operating Activities					
Cash received					
Taxes received		13,296	13,232	(64)	-0.5%
Grants and subsidies received	19	27,628	28,020	392	1.4%
Sales of goods and services		6,165	5,916	(249)	-4.0%
Interest receipts		2,328	2,389	61	2.6%
Dividends and income tax equivalents	20	2,309	2,668	359	15.5%
Other receipts	21	5,595	6,992	1,397	25.0%
		57,320	59,216	1,896	3.3%
Cash paid					
Payments for employees		(26,099)	(25,964)	135	-0.5%
Payments for goods and services		(18,661)	(18,496)	165	-0.9%
Grants and subsidies		(8,045)	(8,014)	30	-0.4%
Interest paid	22	(1,706)	(1,590)	116	-6.8%
Other payments		—	(1)	(1)	100%
		(54,511)	(54,066)	445	-0.8%
Net Cash Flows from Operating Activities		2,809	5,150	2,341	83.4%
Cash Flows from Investing Activities					
Non-Financial Assets					
Purchases of non-financial assets		(5,123)	(5,127)	(4)	0.1%
Sales of non-financial assets		392	291	(101)	-25.6%
		(4,731)	(4,835)	(104)	2.2%
Financial Assets (Policy Purposes)					
Equity acquisitions		(18)	(4)	15	-80.6%
Equity disposals		520	557	37	7.1%
Advances and Concessional Loans Paid		(148)	(166)	(18)	12.3%
Advances and Concessional Loans Received		106	147	41	38.7%
		460	534	74	16.1%
Financial Assets (Liquidity Purposes)					
Sales of investments		3,814	4,549	735	19.3%
Purchases of investments		(2,546)	(5,644)	(3,098)	121.7%
	23	1,268	(1,095)	(2,363)	-186.4%
Net Cash Flows from Investing Activities		(3,003)	(5,396)	(2,393)	79.7%
Cash Flows from Financing Activities					
Cash received					
Advances received	24	502	3,254	2,752	548.3%
Proceeds of borrowing		426	146	(280)	-66%
Deposits received		—	50	50	100%
		928	3,450	2,522	271.7%
Cash paid					
Advances paid	24	(292)	(2,349)	(2,056)	703.2%
Borrowing repaid		(603)	(542)	61	-10.1%
Deposits withdrawn		—	(42)	(42)	100%
		(895)	(2,933)	(2,038)	227.7%
Net Cash Flows from Financing Activities		33	517	484	1456.9%
Net increase/(decrease) in Cash and Deposits Held		(161)	271	432	-268.2%
Cash and deposits at the beginning of the financial year		710	1,027	318	44.8%
Cash and Deposits Held at the End of the Financial Year		548	1,298	749	136.6%
KEY FISCAL AGGREGATES					
Net Cash from Operating Activities		2,809	5,150	2,341	
Net Cash Flow from Investments in Non-Financial Assets		(4,731)	(4,835)	(104)	
CASH SURPLUS/(DEFICIT)		(1,922)	315	2,237	
Derivation of ABS GFS Cash Surplus/Deficit					
Cash surplus/(deficit)		(1,922)	315	2,237	
Acquisitions under finance leases and similar arrangements		(618)	584	1,202	-194.4%
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements		(2,540)	899	3,439	

Notes to the Financial Statements

54. General Government Sector budget to actual comparison continued

Explanations of major variances between AASB 1049 actual amounts and corresponding original budget amounts for GGS

Operating Statement

- 1 Grant revenue was \$336 million higher than the 2017-18 Budget estimate reflecting higher GST revenue, advance payment of the Financial Assistance Grants for local councils from the Australian Government, and higher National Health Reform Agreement funding, offset in part by roads and rail project funding from the Australian Government being reprofiled to future years.
- 2 Dividend and income tax equivalents income was \$863 million higher in 2017-18 than forecast in 2017-18 Budget. Dividends increased \$456 million driven by improved earnings from the electricity generation and network businesses, which have benefited from favourable wholesale energy market conditions, higher electricity generation and operational business and procurement savings. Tax equivalent income increased \$406 million compared to the 2017-18 Budget reflecting increased profitability of the electricity sector, and strong investment returns from WorkCover Queensland.
- 3 Other revenue increased \$1.198 billion over the 2017-18 Budget estimate mainly due to the impact of higher coal prices on coal royalties.
- 4 Employee expenses were \$258 million higher than the 2017-18 Budget estimate due in part to additional health services activity.
- 5 Depreciation and amortisation expenses have increased \$231 million since the 2017-18 Budget due mainly to changes to useful lives for road infrastructure and increases in the stock of Health infrastructure.
- 6 Total other economic flows - included in operating result were \$309 million lower than the 2017-18 original budget. This variance is largely attributable to actuarial adjustments to the Long Service Leave Central Scheme and lower deferred income tax equivalent income from electricity generation businesses.
- 7 Other movements in equity were \$4.433 billion lower than expected at 2017-18 Budget mainly due to:
 - downwards valuation of property plant and equipment within the sector of \$2.837 billion which is largely attributable to the devaluation of road infrastructure (\$6.104 billion), offset in part by upwards valuations of land under roads and other non-financial assets.
 - actuarial adjustments to the valuation of defined benefit superannuation liabilities (\$1.191 billion).

Balance Sheet

- 8 Refer to Cash Flow Statement for movements in the cash balance.
- 9 Receivables increased \$559 million compared to the 2017-18 Budget mainly due to an increase in dividend receivables from the Government-owned electricity businesses.
- 10 The \$473 million increase in securities other than shares is largely a result of a higher than expected opening balance at 1 July 2017 and lower than expected investment withdrawals for defined benefit superannuation beneficiary payments.
- 11 The \$5.140 billion decrease in property, plant and equipment compared to the 2017-18 Budget is mainly due to downwards revaluation of roads infrastructure offset by an increase in valuation of land under roads.
- 12 Payables were \$307 million higher than that forecast in the 2017-18 Budget. The increase is due in part to higher than anticipated accrued expenditure for transport operations and timing of payment of Compulsory Third Party insurance premiums collected to insurers.
- 13 Superannuation liabilities were \$2.645 billion higher than Budget due to lower Commonwealth bond yields and higher salary inflation assumptions compared to those used to estimate the defined benefit obligations at the time of the 2017-18 Budget.
- 14 Other employee entitlements obligations were \$464 million higher than the 2017-18 Budget due in part to actuarial valuation adjustments to the long service leave scheme liabilities which were based on assumptions consistent with those used in the valuation of superannuation liabilities (refer to Note 13).
- 15 Advances received were \$1.206 billion higher than the 2017-18 Budget as more GOCs joined the cash management scheme.
- 16 Borrowings were \$2.350 billion lower than the 2017-18 Budget mainly due to the improved operating position.

54. General Government Sector budget to actual comparison continued

Variance notes continued

Balance Sheet continued

- 17
- Provisions increased \$828 million from the time of 2017-18 Budget following the removal of the statutory limitation periods applying to civil actions brought by survivors of child sexual abuse and the recognition in 2018 of Queensland’s expected claim costs of participating in the National Redress Scheme for Survivors of Institutional Child Sexual Abuse.
- 18
- The increase in other liabilities of \$330 million is in large part due to the reclassification of the lease incentive for 1 William Street which was recognised as a payable in the 2017-18 Budget.

Cash Flow Statement

- 19
- The variance in grants and subsidies received is higher than in the Operating Statement (refer to variance note 1) due to lower grant receivables than budgeted.
- 20
- Dividend and tax equivalent receipts are \$359 million higher than expected at budget mainly as a result of higher income tax equivalent receipts from the energy sector, in line with improved operating results, and an unbudgeted tax equivalent receipt from Workcover Queensland.
- 21
- Other receipts are \$1.397 billion higher than budget mainly due to higher than expected coal royalty receipts and higher than expected receipt of GST input tax credits from the ATO.
- 22
- The variance in interest paid is mainly as a result of lower borrowings (refer balance sheet variance note 16).
- 23
- Net cash outflows from liquidity purposes are \$2.363 billion higher than the 2017-18 Budget, mainly due to the investment with QTC, of additional net cash flows from operating activities.
- 24
- Net advances received are \$696 million higher than the 2017-18 Budget. This is the result of higher than expected advances received from GOCs through the cash management strategy.

Certificate of Queensland State Government Financial Statements

General Government Sector and Total State Sector Consolidated Financial Statements
2017-18

Management Certificate

The foregoing GGS and TSS consolidated financial statements have been prepared pursuant to section 25(1)(a) and (b) of the *Financial Accountability Act 2009* and other prescribed requirements.

In our opinion and in terms of section 25(3) of the *Financial Accountability Act 2009*, we certify that the GGS and TSS consolidated financial statements have been properly drawn up, under the prescribed requirements, to present a true and fair view of:

- (i) the financial operations and cash flows of the Government of Queensland for the financial year; and
- (ii) the financial position of the Government of Queensland at 30 June 2018.

At date of certification of the statements, we are not aware of any material circumstances that would render any particulars included in the GGS and TSS consolidated financial statements misleading or inaccurate.

David Newby, CA
Director, Whole of Government Reporting
Queensland Treasury

Mary-Anne Curtis
Acting Under Treasurer
Queensland Treasury

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

30 November 2018

INDEPENDENT AUDITOR’S REPORT

To the Treasurer of Queensland

Report on the audit of the financial report

Opinion

I have audited the accompanying consolidated financial report of the Queensland Government including the General Government Sector and Total State Sector.

In my opinion, the financial report:

- a) gives a true and fair view of the Queensland Government’s financial position as at 30 June 2018, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009* and Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

The financial report comprises the balance sheets as at 30 June 2018, operating statements, statements of changes in net assets (equity), and cash flow statements 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 Treasurer, Acting Under Treasurer and Director, Whole of Government Reporting.

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 Queensland Government 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.

Other information

Other information comprises the information included in the Queensland Government’s Report on State Finances for the year ended 30 June 2018 but does not include the financial report and my auditor’s report thereon.

The Treasurer, through Queensland Treasury, is 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 department for the financial report

The Treasurer, through Queensland Treasury, is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009* and Australian Accounting Standard 1049 *Whole of Government and General Government Sector Financial Reporting*, and for such internal control as is determined necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. AASB 1049 requires compliance with other applicable Australian Accounting Standards.

The Treasurer, through Queensland Treasury, is also responsible for disclosing matters related to going concern and using the going concern basis of accounting in the preparation of the financial statements, unless this is assessed as not being appropriate.

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 Queensland Government’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Treasurer.
- Conclude on the appropriateness of the Queensland Government’s use of the going concern basis of accounting.

- 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.

I communicate with the Treasurer, through Queensland Treasury, 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.

Report on other legal and regulatory requirements

In accordance with s.42 of the *Auditor-General Act 2009*, for the year ended 30 June 2018:

- 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.

4 December 2018

Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane

EXHIBIT (c)(iii)

Budget Papers of the Co-Registrant for 2018-19.

FORWARD-LOOKING STATEMENTS

This exhibit contains forward-looking statements. Statements that are not historical facts, including statements about the State of Queensland's (the "State" or "Queensland") beliefs and expectations, are forward-looking statements. These statements are based on current plans, budgets, estimates and projections and therefore you should not place undue reliance on them. The words "believe", "may", "will", "should", "estimate", "continue", "anticipate", "intend", "expect", "forecast" and similar words are intended to identify forward-looking statements. Forward-looking statements speak only as of the date they are made, and neither the Queensland Treasury Corporation nor the State undertake any obligation to update publicly any of them in light of new information or future events.

Forward-looking statements are based on current plans, estimates and projections and, therefore, undue reliance should not be placed on them. Although the Queensland Treasury Corporation and the State believe that the beliefs and expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such beliefs and expectations will prove to have been correct. Forward-looking statements involve inherent risks and uncertainties. We caution you that actual results may differ materially from those contained in any forward-looking statements.

A number of important factors could cause actual results to differ materially from those expressed in any forward-looking statement. Factors that could cause the actual outcomes to differ materially from those expressed or implied in forward-looking statements include:

- the international and Australian economies, and in particular the rates of growth (or contraction) of the State's major trading partners;
- the effects, both internationally and in Australia, of any subsequent economic downturn, the effect of ongoing economic, banking and sovereign debt risk, and any stalling of the protracted United States recovery;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State's domestic consumption;
- changes in the State's labor force participation and productivity;
- downgrades in the credit ratings of the State and Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

BUDGET SPEECH
Budget Paper No.1
budget.qld.gov.au



2018-19 Queensland Budget Papers

- 1. Budget Speech**
- 2. Budget Strategy and Outlook**
- 3. Capital Statement**
- 4. Budget Measures**
- 5. Service Delivery Statements**

Appropriation Bills

Budget Highlights

The Budget Papers are available online at budget.qld.gov.au

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Budget Speech
Budget Paper No.1
ISSN 1445-4890 (Print)
ISSN 1445-4904 (Online)



Appropriation Bill 2018

(First reading speech, 12 June 2018)

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

Mr Speaker,

I move that the Bill be now read a first time.

I'm proud today to present the Palaszczuk Labor Government's fourth Budget.

This is a Budget for all of Queensland.

This is a Budget for all Queenslanders.

From baby Elizabeth Mackenzie – the 5 millionth Queenslander born last month – to the traditional owners on the land on which we stand, the Jagera, Yuggera and Turrbul People.

Whether you live in Brisbane or Blackall.

Labor is doing the things we said we'd do.

No surprises – no excuses.

Queenslanders are living through an era of growth and rapid change.

Our population is one of the fastest growing in the nation.

Technology continues to transform the way we live and work.

The Palaszczuk Labor Government will help our communities to navigate the challenges of change and set a course for the opportunities of growth.

We will equip our workers on the frontline of a fast-changing world with the skills and support to succeed.

We will encourage innovation and give businesses and industry the confidence to grow.

We will direct every effort to our number one priority – jobs for Queenslanders.

Here's how.

By delivering the infrastructure, skills and services that our strong, diversified economy needs.

By including everyone in the benefits regardless of who you are or where you live.

That is our strategy for this State.

That is the job for this Government.

That is the plan in the Budget I deliver today.

We begin with the largest capital works program since the 2011 flood recovery.

Building the infrastructure for a productive, strong and sustainable economy.

Supporting growth without compromising our quality of life.

Delivering jobs in construction today and supporting the jobs of the future.

Mr Speaker, this Queensland Government must do the heavy lifting in infrastructure investment because this Federal Government simply will not.

And this Labor Government must keep repairing the damage inflicted by the last LNP Government's savage cutbacks to frontline services.

More doctors, nurses, teachers, police and firefighters.

The people who work so hard delivering excellent essential services every day.

The professionals who educate our kids, keep Queenslanders healthy and protect our communities from harm.

More infrastructure, better services – this is what we said we would do.

Budget outcome

Mr Speaker, Queensland's economy has grown by 7.2 per cent in real terms since December quarter 2014.

Today, I can announce that we expect a surplus of \$1.512 billion in 2017-18 – more than three times the size of the Mid-Year Fiscal and Economic Review forecast.

The Budget also forecasts operating surpluses over the forward estimates, starting with \$148 million in 2018-19.

And economic growth is forecast to accelerate from 2.5 per cent in 2016-17 to 3 per cent by 2018-19.

Our responsible budget management is part of this success story, but it would be impossible without our job generating initiatives that build business confidence and open up opportunities for growth and investment.

This is a time of growth – and it is also a time of change.

The Queensland economy continues to successfully shift from the big economic gains of a never before seen resource boom that brought with it massive investment, big infrastructure and jobs and wages growth.

Business investment is rebounding following the construction of the liquefied natural gas infrastructure.

It's supported by a range of renewable energy projects that will be a key driver of economic growth.

We are rolling out a nation-leading renewable energy industry with an estimated \$4.2 billion pipeline of projects underway or financially committed across the State.

This Budget delivers surpluses, builds new infrastructure, grows the State's skills and expands our services – all to support a growing and changing State.

Creating jobs, delivering infrastructure

Queensland now has the second highest annual employment growth rate in the country.

Employment growth is forecast to strengthen to 2¾ per cent over the year to June quarter 2018, the strongest growth in more than a decade.

More than 150,000 jobs have been created since we came to Government. That's equivalent to almost 4000 new jobs in Queensland every month since January 2015.

These are big numbers – but behind these numbers are people.

Queenslanders who now have a place in our economy and hope for the future.

And in this Budget - through our \$45.8 billion infrastructure pipeline over the next four years – Queenslanders will continue to have a place in our economy.

It's an increase of more than \$3 billion on last year's Budget – directly supporting 38,000 jobs this year alone.

Our plan means tens of thousands of additional jobs each year, and our plan means building the essential infrastructure to meet the needs of our fast-growing State.

From the Cairns Convention Centre to Cross River Rail, the M1 and Bruce Highway upgrades to Rookwood Weir and Townsville Stadium we are delivering the right projects, in the right place, at the right time.

Building the economy of the future

Rapid change all around us means Queensland must become a more diverse and productive economy.

Securing our modern industries and creating jobs that will be there for years to come.

To do that, this Budget invests in innovation and anticipates areas of emerging opportunity.

Let's take the example of the waste disposal levy announced earlier this year.

We will not allow Queensland to be a dumping ground for interstate waste – we all saw this when the LNP's short-sightedness in removing the levy led to a procession of dump trucks across our border.

But this measure is also an opportunity to invest in new and emerging industries and technology.

And today I am announcing a \$100 million down payment over the next three years into a new Resource Recovery Industry Development Program.

This initiative will support innovation and investment in recycling and help new industries that manufacture products using recycled waste and create future jobs.

There's also the Palaszczuk Government's flagship Advance Queensland strategy.

Advance Queensland keeps turning good ideas into commercial reality.

We are backing business and industry to help give them an edge in a highly competitive world.

So, in this Budget, we are investing a further \$123 million in backing our entrepreneurs, funding industry research fellowships and helping small to medium businesses innovate, grow and create jobs.

And, Mr Speaker, there's the Industry Attraction Fund.

As well as supporting our home-grown businesses in the path to success we want to attract new businesses and knowledge industries from interstate and overseas.

I want these businesses, their ideas and above all their jobs to call Queensland home.

That's why this Budget extends the Fund with \$40 million over two years towards bringing interstate and international businesses here and helping locally-based businesses expand.

The Business Development Fund, which turns ideas into commercial reality, will also be extended with \$40 million over the next two years.

And a further \$20 million for the Jobs and Regional Growth Fund brings new funding to \$100 million.

We want the new jobs in these new industries and businesses hiring skilled Queensland workers.

So, in this Budget, we are investing \$175.5 million to help people return to the workforce through the Back to Work program.

And we will deliver a further \$180 million in the Skilling Queenslanders for Work program to deliver more training opportunities and workforce participation.

Supporting small business

Like others in this Parliament, I grew up in a family that ran a small business.

My family felt the pressures, the strains, the setbacks, but also reaped the rewards.

I’m proud to be in a Government that backs small business.

We need to give employers the confidence to invest in the workforce they need to succeed.

That’s why today I am announcing that the 50 per cent payroll tax rebate scheme will be extended to June 2019 supporting up to 26,000 apprentices and trainees.

Our Buy Queensland approach also ensures local businesses, jobs and better social outcomes are all front and centre when taxpayer dollars are spent.

The ecoBiz program for small to medium businesses provides increased funding of \$3.9 million over four years to help them identify and achieve savings and eco-efficiencies across energy, water and waste.

The challenge of moderate wage growth

Our economic plan – more infrastructure, better skills – will create jobs, lift demand for labour, and help support wages growth in the medium and longer term.

Mr Speaker, I was pleased to see the Fair Work Commission recently decided to increase the national minimum wage by 3.5 per cent.

But while we are more productive than we were just 10 years ago modest wage growth is putting households under strain.

Hard working Queensland families who battle through each day are not keeping up – something we simply can’t ignore.

This has a broader economic impact too.

Modest wage growth constrains growth in household income, one of the key drivers of household consumption.

As a result, employment and businesses suffer.

We need to see stronger private sector wage growth.

This Budget will make a difference.

Supporting growth throughout Queensland

It doesn’t matter where you are you must have the right transport and road infrastructure.

The alternative is more Queenslanders sitting in traffic away from their job or away from their kids – we either allow congestion to build or we build the infrastructure we need.

In a fast-growing state, investing in key infrastructure supports job creation, it boosts business confidence and it delivers the services Queenslanders need to maintain our way of life.

Our delivery of the \$5.4 billion Cross River Rail project recognises this.

Sadly, the Federal Government and those opposite don't.

During the five-year construction period, Cross River Rail will support an average of 1,500 jobs each year, and up to 3,000 jobs in the most intensive year of construction.

I am pleased to say that today's Budget also includes an investment of \$21.7 billion over the next four years in the Queensland Transport and Roads Investment Program (QTRIP).

This is the third year in a row the Palaszczuk Government has made a record investment in road and transport infrastructure and is an increase of around \$700 million on last year's commitment.

Supporting regional Queensland

We know that Queensland is the most decentralised state in Australia with some of the country's largest cities and important economic zones outside the South East corner.

We also know that we don't have a strong Queensland without Strong Regions.

That's why 65 per cent of our infrastructure spend this year is outside the Greater Brisbane area.

We will build key infrastructure like Rookwood Weir, Cairns Convention Centre and Townsville Stadium.

Through QTRIP we're investing more than \$800 million for works in our State's West.

The Works for Queensland program supports job creating maintenance and minor works across our regions in partnership with local Councils.

This Budget provides more than \$200 million over three years to extend the fund.

We also commit up to \$34.6 million to continue drought relief this year. And more than \$19 million over three years for rural and regional programs that support jobs and drive economic development.

Give all our children a great start

This Budget delivers for the economy and jobs, industry and regions.

It is a Budget of the head – but it is also a Budget of the heart.

And at the heart of any Labor Budget is education.

Education is fundamental to every public good that progressive politics values.

Equality of opportunity, fairness, skills for the economy today, rewarding work in the future, human progress and knowledge itself.

None of this is possible without leadership, imagination, investment and reform in schools.

This Budget makes a record education and training investment of more than \$14 billion this year.

Since March 2015, we have employed more than 4,700 extra teachers and teacher aides.

We said we would employ 3,700 additional teachers over four years.

In this Budget we do it.

We will upgrade and improve schools across the State with a further \$308 million to the Building Future Schools fund – bringing the total investment to \$808 million.

There will be new high schools at Coomera, Yarrabilba, Ripley and Mango Hill, a new primary school at Ripley and a new special school at Caboolture.

We will also refurbish, upgrade or improve more than 48 state primary and high schools.

We will redevelop TAFE facilities in Townsville, Cairns, Mount Gravatt, Toowoomba, the Gold Coast and the Redlands with an investment of up to \$85 million over three years.

Mr Speaker, even before their first day in the classroom, Queensland kids benefit from developing a love of reading from an early age.

As a parent, I know and understand that one of the greatest gifts you can give your child even before they enter the Prep classroom is a love of reading – it sets a child up for life.

But I also know that not every parent has the skills or resources to pass on this gift.

That's why the First 5 Forever program – which links parents of kids under five to resources at public libraries across the State – matters so much.

So, in this Budget, we invest \$20 million over four years to continue the First 5 Forever program's vital work.

Keeping Queenslanders healthy

This is a Budget for all Queensland, and a Budget for all Queenslanders.

Our people, whatever their age, wherever they live, should be able to get the healthcare they need.

This Budget provides a record \$17.3 billion operating Budget for Queensland Health, and \$985 million in capital investments to deliver first-class health services and facilities for Queenslanders.

Since March 2015, this Government has been rebuilding frontline health services savaged under the LNP.

We have employed more than 4,800 extra nurses, 1,600 doctors and 370 ambulance officers.

But it's not just enough to repair the LNP's damage, we must create excellent and responsive services for Queenslanders when they need it most – when they need hospital care.

We are building better hospitals, health facilities and emergency departments.

... including in Hervey Bay and Gladstone, Roma, Blackall, Kingaroy and Maryborough;

... with planned redevelopments at Logan, Caboolture and Ipswich Hospitals;

... and a new adolescent mental health facility at the Prince Charles Hospital in Brisbane.

These investments are working.

Services are improving.

We are making the positive changes to help patients make the most of a modern healthcare system.

We said we would employ an additional 400 nurse navigators to help Queenslanders navigate the often complex system of tertiary health care.

This Budget does just that.

We said we would employ an extra 100 midwives to help birthing mothers with the life changing event of bringing a baby into this world.

This Budget does just that.

Keeping our communities safe

Mr Speaker, our frontline heroes work to keep our communities safe every day and every night.

This Budget gives Queensland more police, domestic violence officers and firefighters.

We said we would add 400 officers to areas of need across Queensland over the next four years.

This Budget does that.

In a world where keeping us safe requires cutting edge support, we are investing in a Police Security and Counter-Terrorism Command, training for 85 new counter terrorism officers and specialists, and building the Counter Terrorism and Community Safety Training Centre at Wacol.

In times of natural disaster, Queenslanders know they can count on our world-renowned emergency service workers.

So, in this Budget, I announce more than \$103million to deliver on our election commitment of 100 additional firefighters over the next four years, and new firefighting equipment and upgraded emergency services facilities; this is to ensure that in our disaster-affected State our fire and emergency responses remain second to none.

Protecting the Great Barrier Reef

This Government knows we need to take action now to protect our environment for the future.

The Great Barrier Reef is a natural wonder of staggering beauty.

It is also an invaluable asset when it comes to our future economic prosperity.

The Reef must survive.

We must clean up the water running into the Reef and continually invest in the science and research that will help better protect the ocean.

That’s why this Budget makes a record investment of \$330 million over five years to protect the Reef.

No greater asset needs our protection than our Great Barrier Reef.

That’s why the Palaszczuk Labor Government banned dumping of dredge spoil in the Caley Valley Wetlands and at sea within the World Heritage Area.

That’s why we’ve created the net-free free fishing zones – in Cairns, Rockhampton and Mackay – to protect sensitive eco-systems and prohibited port development within the Fitzroy River Delta.

That’s why we reinstated our nation-leading laws to stop tree clearing in Great Barrier Reef catchments and right across our State.

And that’s why we established the Great Barrier Reef Water Science Taskforce.

Future funding decisions to save the Great Barrier Reef will be steered by science – not poisoned by politics.

Growing tourism

The preservation of our State’s natural beauty is directly linked to the success of one of our economic powerhouses – tourism.

People from all over the world travel great distances to come here to enjoy our unique experiences and natural encounters that we, Queenslanders, have in our own backyard.

This Budget invests an additional \$94.6 million over five years under the Growing Tourism, Growing Tourism Jobs initiative.

This includes more than \$48 million for the Attracting Tourism Fund – which provides incentives to attract new international airline routes and cruise ships.

It includes \$46 million for the Regional Tourism Infrastructure and Experience Development program and Outback Tourism Infrastructure Fund to help communities grow tourism.

A further \$2.2 million over two years will expand and refurbish the Australian Workers Heritage Centre at Barcaldine.

There is no doubt that investment in tourism and events is vital for our future economic success and delivers long term benefits.

Our Commonwealth Games in April this year was so much more than 11 days of sport before a global audience.

It created the impetus for additional Government and private sector investments of more than \$2.6 billion.

It will also leave a positive legacy of better transport, and better sports and community facilities that will last for decades.

In Brisbane, right now, we have game-changing developments that will not only generate jobs and support economic growth but fundamentally reshape our capital and position it as a modern, global destination of choice.

Queens Wharf, the proposed Eagle Street Pier, Howard Smith Wharves and Brisbane Live projects can build a city that is a beacon of sustainable progress in a modern economy.

We will work with the private sector every step of the way to see these projects to success.

Brisbane’s cultural precinct, already one of the best in the country, will be enhanced even further with \$125 million towards a new theatre at the Queensland Performing Arts Centre.

It is the largest arts infrastructure investment since GOMA.

A responsive Government

Mr Speaker, Labor Governments help out those doing it tough.

We understand Queenslanders in need are feeling cost of living pressures.

Government has a responsibility to help and we will do just that.

As part of our commitment to reduce cost of living impacts on households and small business the Budget provides \$5.6 billion in concessions – an increase of \$200 million on last year.

And Labor Governments right past wrongs.

We will join the National Redress Scheme – a key recommendation of the Royal Commission into Institutional Responses to Child Sexual Abuse.

While no amount of money can ever return a lost childhood, our commitment of more than \$500 million will support healing and recovery.

And Mr Speaker, we know we must continue the job of Reconciliation with Australia’s First Nations People and increase our efforts to close the gap in health, education and life outcomes between Indigenous and non-Indigenous Queenslanders.

Fundamental to closing the gap is a roof over your head.

Without that you can’t address poor health or literacy outcomes.

That’s why it was particularly heartless that the Federal Government decided to walk away from a 50-year tradition of funding housing in remote Indigenous communities in Queensland.

We will work hard to close the gap, supporting our Aboriginal and Torres Strait Islander communities.

And that’s why I announce that this Budget will invest \$239 million to improve housing options for Aboriginal and Torres Strait Islander Queenslanders.

Conclusion

Mr Speaker, whether you are in Biloela or Brisbane, Caloundra or Cunnamulla, Lockhart River or Logan – this Budget delivers for all of Queensland.

We said we would build more infrastructure and deliver better services.

We said we would grow jobs and steer the economy through change.

We said we would deliver for the whole of Queensland and every Queenslander.

We said we had plans for education and health, community safety and communities in need, for the Great Barrier Reef and tourism.

This is a Budget for prosperity.

Today, we deliver for our economy’s future.

This is a Labor Budget.

Today, we deliver fairness.

This is a Queensland Budget.

Today, we deliver for Queenslanders.

I commend the Bill to the House.



Queensland Budget 2018-19

Budget Speech Budget Paper No.1

budget.qld.gov.au



2018–19 Queensland Budget Papers

- 1. Budget Speech**
- 2. Budget Strategy and Outlook**
- 3. Capital Statement**
- 4. Budget Measures**
- 5. Service Delivery Statements**

Appropriation Bills

Budget Highlights

The Budget Papers are available online at budget.qld.gov.au

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Budget Strategy and Outlook
Budget Paper No.2
ISSN 1445-4890 (Print)
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State Budget
2018-19

Budget Strategy and Outlook
Budget Paper No. 2

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Overview

The 2018-19 Budget delivers on the commitments made by the Palaszczuk Government and will deliver the infrastructure to create jobs and the services that our State’s growing population needs.

The key initiatives outlined in the 2018-19 Budget align with the Palaszczuk Government’s clear economic plan to drive economic growth, create more jobs and improve prosperity by:

- increasing the economic opportunities available to Queenslanders
- enhancing the capacity of Queenslanders to access and capitalise on these opportunities
- ensuring all Queenslanders share in the prosperity and improved quality of life these opportunities deliver.

Delivering infrastructure

With the State’s population growing over recent decades to more than five million, the Government’s \$45.8 billion capital works program over the four years to 2021-22 will support the ongoing delivery and facilitation of key economic and social infrastructure to meet the needs of Queensland families, businesses and communities.

The Government’s substantial infrastructure investment directly generates significant employment during the construction phase. More importantly, it creates future jobs, encourages private sector investment and increases the productivity, efficiency and competitiveness of the State’s businesses and industries.

The \$11.6 billion capital works program in 2018-19 is estimated to directly support more than 38,000 jobs.

Importantly, to meet the needs of Queensland’s growing population, the Government’s 2018-19 capital works program includes a \$4.9 billion investment in roads and transport infrastructure. This includes an allocation of \$733 million for the Cross River Rail Delivery Authority in 2018-19 to continue to progress the planning, procurement and development associated with the \$5.4 billion Cross River Rail project. In addition, \$200 million will be spent to widen the Bruce Highway from four to six lanes between Caloundra Road and the Sunshine Motorway and \$22 million in 2018-19 will be spent on two new jointly-funded M1 Pacific Motorway projects. These two new projects have a total cost of approximately \$1.8 billion.

The 2018-19 capital program also includes significant capital purchases related to health (\$985.5 million) and education (\$674.3 million), as well as substantial investment in housing, justice and public safety infrastructure. Significant capital investment in the energy and water portfolios in 2018-19, of \$2.2 billion and \$277 million respectively, will help deliver cost effective, safe, secure and reliable energy and water supply across the State.

Other highlights of the 2018-19 capital program include:

- \$534.3 million to continue the Toowoomba Second Range Crossing project
- \$115 million to construct the Mackay Ring Road (Stage 1)

- \$125.2 million for new classrooms and other infrastructure in state secondary schools to accommodate six full cohorts in 2020
- \$94.5 million to further address enrolment growth pressures in state schools as part of the Building Future Schools fund
- \$28.7 million as part of \$679 million for the Building Better Hospitals program, to redevelop Logan, Caboolture and Ipswich hospitals, commence planning and business case development for the Wide Bay Burnett region, and refurbish three Cancer Council Queensland lodges
- \$339.1 million towards the construction and upgrade of the social housing stock.

Across the State, the Government’s investment in public infrastructure will drive transformative change, encourage private investment and make our communities better places to live.

Skill and jobs creation programs

The Palaszczuk Government remains committed to ensuring all Queenslanders have the skills and opportunities to participate and prosper in the State’s economy.

The formation of the Department of Employment, Small Business and Training demonstrates this commitment and creates significant opportunities to achieve policy and service delivery synergies in driving small business growth and enhancing the employment, skills and training opportunities available to Queenslanders.

The \$369 million Back to Work initiative is designed to give Queensland employers the confidence to hire eligible jobseekers. Support payments of up to \$20,000 are available for eligible employers, with funding committed across regional Queensland and targeted areas of South East Queensland for applications received by 30 June 2020.

The Skilling Queenslanders for Work initiative continues to be a key element of the Government’s focus on employment, training and skills development, with a further \$180 million committed over three years in the 2017-18 Mid-Year Fiscal and Economic Review. Through a suite of targeted skills and training programs, this funding supports skills development, training, and job opportunities for unemployed, disengaged or disadvantaged Queenslanders.

Increasing frontline services

This Budget delivers the services that Queenslanders rely on. Since March 2015, an additional 3,634 teachers and 1,135 teacher aides have been employed to provide our children the best possible start. As part of the Government’s focus on ensuring effective and better delivery of health services an additional 1,605 doctors, 4,828 nurses, and 1,488 health practitioners, professionals and technical staff have been employed. An additional 376 ambulance paramedics and 302 police officers have also been employed.

In addition to the increase in frontline services over the last three years, the Palaszczuk Government has committed to employing an additional 3,700 teachers over the next four years at an estimated cost of \$1 billion. Further, consistent with its election commitment, the Government will add 3,500 new nurses, midwives and nurse navigators over four years.

The 2018-19 State Budget delivers significant funding for a range of new and ongoing initiatives.

These include:

- an additional \$171.9 million over four years for 400 police officers in high priority areas and \$55.1 million over four years for 85 counter-terrorism officers and operational specialists and to establish a Security and Counter-Terrorism Command. This builds on the investment in the 2017-18 Budget for an additional 30 counter-terrorism police officers and 20 police officers, bringing total additional frontline police and operational specialists in priority areas across the State to 535
- funding of \$29.5 million over four years for an additional 100 firefighters and 12 fire communication officers to help the community prevent, prepare for, respond to and recover from the impact of fire and emergency events.

Promoting private sector investment

Driving and facilitating private sector investment is crucial, given the private sector accounts for more than 70% of total investment in the economy and supports 83% of Queensland jobs. Through its flagship Advance Queensland initiative totalling \$650 million, the Queensland Government maintains a strong focus on fostering innovation and entrepreneurship to enable Queensland businesses to adapt rapidly to the ever-changing global business environment.

The Palaszczuk Government is also delivering a range of industry attraction and facilitation services to promote private sector investment. The 2018-19 Budget provides additional funding for both the Advanced Queensland Industry Attraction Fund and the Jobs and Regional Growth Fund, bringing the combined total funding for these programs to \$255 million.

Protecting the Great Barrier Reef

Queensland’s Great Barrier Reef is not only one of the natural wonders of the world, but one of the major reasons local, interstate and international visitors come to Queensland. More than 18 million visitors travel to the broader Great Barrier Reef region. To support the reef and manage the impacts of climate change, the Palaszczuk Government is investing \$330 million over five years to protect our national treasure and ensure it continues to provide economic benefits now and into the future. Protecting the Great Barrier Reef is vital not just for the environment and tourism, but also to meet international commitments.

The 2018-19 State Budget allocates \$40 million in new funding to significantly increase our State’s financial contribution to protecting the reef. Part of this \$40 million will include \$26 million in extra funding over the next four years for the Joint Field Management Program for reef protection measures. This is on top of the more than \$35 million already invested in this program. In addition, a further \$13.8 million over the next four years will be allocated to extend the Queensland Reef Water Quality Program to support the transition of graziers, and sugarcane and banana growers to improved practices through access to professional advice.

Waste Strategy – Driving business investment, innovation and jobs

The Queensland Government’s comprehensive waste management strategy, underpinned by a waste disposal levy, will be instrumental in changing waste management practices in the State.

By discouraging the interstate transport of waste and encouraging alternatives to disposal of waste to landfill, the waste disposal levy will significantly boost certainty for investment in job-creating reuse, recycling, bioproducts and waste to energy industries.

Proceeds from the waste levy will be used for waste programs, environmental priorities and community purposes. In particular, \$100 million will be allocated over three years to support Queensland's resource recovery and recycling industry through the Resource Recovery Industry Development Program. The program will facilitate private sector and local government projects delivering innovative solutions to the problem of waste going to landfill and will create jobs in emerging industries.

In order to avoid direct costs to households from the introduction of the waste levy, the Government will provide an annual advance on levy charges to those local governments that dispose of municipal waste in the levy zone. In 2018-19, \$32 million has been provided for this purpose.

A recent independent study has highlighted the significant employment and economic benefits resulting from the waste strategy. The study found that the introduction of a waste levy will promote a reduction of waste generation and increase the diversion of waste to higher-value waste recovery and recycling industries. Combined with other key elements of the waste strategy, the levy will support new jobs in the waste industry over the long-term.

Economic Outlook

Overall growth in the Queensland economy is expected to strengthen to 2¾% in 2017-18, reflecting further improvement in domestic demand as business spending has rebounded along with a recovery in coal exports following Severe Tropical Cyclone (STC) Debbie.

Growth in gross state product (GSP) is forecast to accelerate further to 3% in 2018-19, with household consumption gaining some momentum and a contribution to growth from the trade sector as imports ease.

While domestic activity is forecast to strengthen in 2019-20 and support stronger jobs growth, it will also boost imports. Combined with a moderation in export growth, this is expected to constrain the overseas trade sector's contribution to growth and result in overall growth easing to 2¾% in 2019-20. From 2020-21, Queensland GSP is expected to grow by 2¾% per annum, consistent with the State's long-run potential.

While employment growth has eased in early 2018, the stronger than expected gains in late 2017 means growth over the year to June quarter 2018 is estimated to be 2¾%, the strongest jobs growth in a decade.

Employment growth is expected to return to more sustainable rates of 1½% in 2018-19 and 1¾% in 2019-20, when it will be stronger than that forecast nationally. While designed to help meet the demands of the State's growing population, the Palaszczuk Government's \$45.8 billion capital works program will also provide considerable support to employment in Queensland across the forecast period.

Additional jobseekers encouraged by stronger employment growth has seen the participation rate rise sharply and the unemployment rate stabilise in the short-term, with the unemployment rate forecast to remain at 6¼% in June quarter 2018 and 2019. However, stronger domestic activity is expected to see the unemployment rate fall to 6% by June quarter 2020.

Overview Table 1 Queensland economic forecasts/projections¹

	Actual 2016-17	Est. Act. 2017-18	Forecasts		Projections	
			2018-19	2019-20	2020-21	2021-22
Gross state product ²	2.5	2¾	3	2¾	2¾	2¾
Nominal gross state product	9.3	5½	4	3¾	4½	4¾
Employment ³	1.8	2¾	1½	1¾	1¾	2
Unemployment rate ⁴	6.2	6¼	6¼	6	6	5¾
Inflation ⁵	1.7	1¾	2	2½	2½	2½
Wage Price Index ⁵	1.9	2¼	2½	3	3	3
Population ⁵	1.5	1¾	1¾	1¾	1¾	1¾

Notes:

- 1. Unless otherwise stated, all figures are annual percentage change.
- 2. Chain volume measure (CVM), 2015-16 reference year.
- 3. Through-the-year growth rate to the June quarter (seasonally adjusted).
- 4. Seasonally adjusted rate for the June quarter.
- 5. Annual percentage change, year-average.

Sources: ABS 3101.0, 6202.0, 6345.0, 6401.0 and Queensland Treasury.

Fiscal Outlook

The 2018-19 Budget supports the delivery of the Government’s election commitments and provides additional policy measures focussed on supporting the delivery of services to the Queensland community. The election commitments are funded from reprioritisation measures and the targeted revenue measures announced during the 2017 election.

The Government is committed to delivering the services and infrastructure the community needs in a financially sustainable manner. Net operating surpluses are projected in each year of the forward estimates, despite an expectation that revenue will decline in 2018-19 driven by a substantial reduction in funding from the Australian Government. Operating expenses are forecast to grow at a sustainable rate, averaging 2.9% per annum over the five years to 2021-22.

A \$45.8 billion capital program over four years, including \$33.2 billion in the General Government sector, will deliver infrastructure that supports economic growth, enhances productivity, provides employment opportunities and manages the pressures of strong population growth. This level of investment will be partly funded through borrowings. Even so, General Government borrowings are expected to be lower in each year of the forward estimates than projected in the 2017-18 Budget. In 2021-22, it is expected the General Government borrowings will remain below the peak level reached in 2014-15.

The Government will continue to provide additional funds for infrastructure investment while responsibly managing debt. This is being achieved while retaining strategic assets, such as electricity, port, rail and water businesses, in public ownership.

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Budget Strategy and Outlook 2018-19

Overview Table 2 General Government Sector – key fiscal aggregates¹

	2016-17 Actual ² \$ million	2017-18 MYFER \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Revenue	56,194	56,464	58,259	57,738	58,835	59,939	62,269
Expenses	53,373	55,980	56,747	57,590	58,675	59,829	61,579
Net operating balance	2,821	485	1,512	148	160	110	690
PNFA ³	4,634	4,965	4,905	5,927	7,557	7,396	7,081
Fiscal balance	536	(1,681)	(604)	(3,033)	(3,881)	(3,400)	(2,636)
Net Worth	194,936	198,268	199,686	202,636	205,775	208,101	210,515
Borrowing	33,260	32,502	31,367	32,311	35,861	39,588	42,290
Borrowing (NFPS) ⁴	71,904	71,222	69,501	70,871	75,214	79,750	83,093

Notes:

- 1. Numbers may not add due to rounding. Bracketed numbers represent negative amounts.
- 2. Reflects published actuals.
- 3. PNFA: Purchases of non-financial assets.
- 4. NFPS: Non-financial Public Sector.

1 Economic plan – creating jobs and prosperity in a growing Queensland

Features

- The Palaszczuk Government’s commitment to improve the quality of life and living standards enjoyed by Queenslanders continues to be underpinned by its clear economic plan to drive economic growth, create more jobs and improve prosperity.
- The key initiatives outlined in the 2018-19 Budget, including the suite of election commitments, will continue to drive economic growth and create jobs by:
 - increasing the economic opportunities available to Queenslanders
 - enhancing the capacity of Queenslanders to access and capitalise on these opportunities
 - ensuring all Queenslanders share in the prosperity and improved quality of life these opportunities deliver.
- To create the economic growth and job opportunities needed to support Queensland’s growing population, the Government’s economic plan includes a \$45.8 billion investment in productivity-enhancing capital works over the four years to 2021-22.
- In addition to flagship projects such as the Cross River Rail, Cairns Convention Centre, upgrades to the M1 motorway and Townsville Stadium, a range of other essential regional projects will be fast-tracked through the Growth Area and Regional Infrastructure Investment Fund while building key social infrastructure to support improved health and education outcomes.
- Ongoing and increased funding for key employment and training programs will help provide Queensland jobseekers, including the State’s youth, with the skills and capabilities to access additional job opportunities.
- Meanwhile, significant funding for initiatives to further protect the Great Barrier Reef and the environment will ensure current and future generations of Queenslanders continue to enjoy the increased prosperity and quality of life that has attracted almost two million migrants to the State over the past three decades.
- The \$11.6 billion capital works program in 2018-19 outlined in this Budget is estimated to directly support more than 38,000 jobs in 2018-19, as well as support significant ongoing private sector investment and employment over the short, medium and long term.

1.1 Key elements of the economic plan

The Queensland Government remains committed to creating increased opportunities and prosperity for all Queenslanders. As outlined in each of the Government's previous budgets since 2015-16, this commitment is underpinned by a clear and comprehensive economic plan to drive economic growth, create more jobs and enhance living standards.

In line with the key objectives of the Government's economic plan, Queensland has recorded significantly improved economic outcomes in recent years, with economic growth expected to strengthen to 2¾% in 2017-18 and strengthen further to 3% in 2018-19. This growth has also directly resulted in increased employment opportunities across the State, with more than 83,500 new jobs created in Queensland over the 12 months to April 2018.

Despite these achievements, an ongoing focus on building the productive capacity and resilience of the State's traditional, emerging and new industries is critical to maintain this economic momentum and support the ongoing prosperity of Queensland families, communities and regions.

As a modern, open trading economy, Queensland continues to be susceptible in the short to medium term to changes in international economic conditions.

Some key areas of regional Queensland continue to successfully transition to the post mining and LNG investment boom economy, while some regions and industries are still recovering from the impacts of natural disasters and continue to be impacted by drought.

With the State's population growing over recent decades to more than five million, ongoing delivery and facilitation of key economic and social infrastructure, as well as essential social services, will remain a key element of the Government's plan to drive ongoing improvements in the quality of life enjoyed by families and communities across the State. Further, longer term global trends, such as climate change, the rapid pace of technological advancements and demographic change, will continue to present both risks and opportunities.

A continued focus on building a strong, resilient and flexible economy and labour force is critical to ensure Queensland businesses, industries and regions are capable of responding to any challenges and capitalising on any opportunities as they arise now and in the future.

The 2018-19 Budget continues to reinforce the Government's commitment to driving sustainable economic growth and improving employment outcomes.

The \$11.6 billion capital works program in 2018-19 outlined in this Budget is estimated to directly support more than 38,000 jobs in 2018-19, as well as support significant ongoing private sector investment and employment over the short, medium and long term. Key elements of the Budget will also help facilitate growth of private sector business investment and the increased participation of Queensland's youth in employment, education and training.

Given the recent strong jobs growth and increased labour force participation in Queensland, the Government's economic plan will not only continue to support overall income growth but should also help support wages growth in the medium to longer term, as the demand for labour intensifies and any spare capacity in the labour market is utilised.

Building on the economic plan outlined in the previous three State budgets, the remainder of this chapter outlines how key initiatives, including new policies and programs outlined in the 2018-19 Budget will contribute to achievement of three key elements of the Government’s economic plan:

- increasing the economic opportunities available to Queenslanders
- enhancing the capacity of Queenslanders to access and capitalise on these opportunities
- ensuring all Queenslanders share in the prosperity and improved quality of life these opportunities deliver.

Figure 1.1 Driving jobs and prosperity through the economic plan



1.2 Increasing the economic opportunities available to Queenslanders

The prosperity and well-being of Queenslanders is closely linked to the economic and employment opportunities that are available to them. The creation of increased opportunities also helps provide the means for individuals and families to fully realise their economic potential through the application of their capabilities, skills and talents.

Given the private sector supports almost five out of every six jobs in Queensland, an essential element of the Government's economic plan is to drive private sector investment and business growth, thereby supporting and creating new job opportunities.

In particular, the economic plan includes a strong focus on enhancing the employment, education and training opportunities available to Queensland's youth, ensuring they can take advantage of current job opportunities as well as being better equipped to pursue the jobs of the future.

1.2.1 Delivering productive infrastructure

The Government plays a key role in creating job opportunities by investing, facilitating, and delivering productive infrastructure, particularly in the context of the State's growing population.

Infrastructure investment directly generates significant employment across the State during the construction phase. However, even more importantly, it creates future jobs and investment prospects by expanding the long-term productive capacity of the economy and helping make Queensland businesses more productive, efficient and competitive.

As Queensland transitions to a more innovative, diverse and productive economy, it is vital that infrastructure investments maximise opportunities and provide long-term sustainable benefits to Queenslanders.

The Palaszczuk Government is investing \$45.8 billion through the capital works program over the four years to 2021-22. The program includes much needed additional investments in roads, rail, water, energy, hospitals, schools and digital infrastructure projects that will meet the demands of our fast-growing state.

The capital works program includes ongoing Government investment in a number of significant projects including Cross River Rail, upgrades to the M1 motorway and the Bruce Highway and the Toowoomba Second Range Crossing project.

Significant funding related to several of these projects has also been committed beyond the forward estimates period to complete delivery of this transformative infrastructure.

The \$11.6 billion capital works program in 2018-19 is estimated to directly support more than 38,000 jobs.

The 2018-19 capital program includes a \$4.9 billion investment in roads and transport infrastructure, significant capital purchases related to health (\$985.5 million) and education (\$674.3 million) and significant capital investment in energy and water of \$2.2 billion and \$277 million respectively.

Some key highlights of the 2018-19 capital works program include:

- \$733 million to continue to progress the planning, procurement and delivery of the Cross River Rail project
- \$200 million to widen the Bruce Highway from four to six lanes between Caloundra Road and the Sunshine Motorway
- \$534.3 million to continue the Toowoomba Second Range Crossing project
- \$115 million to construct the Mackay Ring Road (Stage 1)
- \$89.2 million towards a new public transport ticketing system
- \$125.2 million for new classrooms and other infrastructure in state secondary schools to accommodate six full cohorts in 2020
- \$94.5 million to further address enrolment growth pressures in state schools as part of the Building Future Schools fund
- \$339.1 million towards the construction and upgrade of the social housing stock.

Across the State, the Government’s investment in public infrastructure will drive transformative change, encourage private investment and make our communities better places to live.

Around \$5.6 billion of the capital works program in 2018-19 will help deliver key economic and social infrastructure in regional Queensland, estimated to directly support more than 19,000 jobs across Queensland’s important regional economies in 2018-19.

The 2018-19 Budget provides for a \$176 million State contribution towards the construction of the Rookwood Weir near Rockhampton. This is in addition to other regionally significant economic infrastructure projects previously announced by the Government.

This Budget also allocates \$40 million over 2 years towards the newly established Growth Area and Regional Infrastructure Investment Fund to help fast-track essential regional infrastructure.

Importantly, the Government’s capital works program and the productivity benefits it delivers are not limited to projects historically classified as ‘economic’ infrastructure. Investment in key social infrastructure, such as hospitals and schools, benefits individuals and families by improving health and educational outcomes, thereby increasing the capacity of Queenslanders to participate in the economy and to capitalise on the knowledge-based, high value added jobs of the future.

This Budget features a number of key social infrastructure investments, including a \$985.5 million capital program for the health portfolio in 2018-19 to accommodate growing demand for health services, increase service quality and to facilitate innovative and new service delivery models. The Budget allocates an additional \$308 million towards Building Future Schools, taking total funding to \$808 million. The Government is also allocating \$966.3 million over the forward estimates towards the \$1.8 billion *Queensland Housing Strategy 2017-2027*.

Additional funding of \$135 million has also been allocated to provide infrastructure grants to non-state schools to meet the needs of Queensland’s growing population.

The Budget also delivers \$125 million towards the construction of a \$150 million 1,500 to 1,700 seat performing arts venue at the South Bank Cultural Precinct. This project will help attract new visitors and support the development of Queenslanders engaged in the performing arts industry.

Box 1.1 Population growth – a key driver of economic growth and jobs

Population growth has been a key driver of economic growth and job creation in Queensland over recent decades. From a population of only two million in May 1974, Queensland’s population has grown to reach five million in May 2018, according to recent population estimates released by the Queensland Government Statistician’s Office.

This represents average annual population growth of 2.1% over that period, compared with only 1.2% growth in the rest of Australia.

Notably, overseas and interstate migration were both major drivers of the State’s stronger growth over recent decades. Net migration of nearly 1.9 million people to Queensland has accounted for around 60% of the State’s population growth since 1974 as shown in Table 1.1.

Table 1.1 Components of Queensland population growth

Date	Queensland Population	Components of change			Total population growth ¹
		Natural increase	Net overseas migration	Net interstate migration	
May 1974	2,000,000				
Feb 1992	3,000,000	387,000	183,000	406,000	1,000,000
May 2006	4,000,000	367,000	249,000	431,000	1,000,000
May 2018	5,000,000	410,000	440,000	150,000	1,000,000
Total increase		1,164,000	872,000	987,000	3,000,000

Note:

- 1. Includes intercensal discrepancy

Source ABS 3101.0, 3105.0.65.001 and Queensland Treasury

Migration is a key driver of economic growth in Queensland:

- migration increases the demand for goods and services, supporting the growth of local businesses and industries, flowing through to increased investment and increased demand for government services
- it increases the number of people available to work
- it helps support increased productivity through the increased productivity-enhancing infrastructure required to support the population growth.

While net interstate migration contributed only 150,000 (15%) to Queensland’s total population growth from 2006 to 2018, the direct result of interstate migration is significant over the period:

- The size of Queensland’s economy (i.e. gross state product) in 2017-18 is around \$8.8 billion greater than it otherwise would have been, consisting of:
 - \$5.1 billion in additional household consumption

- \$2.3 billion in additional public and private sector investment
- \$1.6 billion in additional government consumption
- \$2.5 billion in additional exports, offset by \$2.8 billion in additional imports.
- The total number of jobs in Queensland in 2017-18 is estimated to be 72,000 greater than it would have been in the absence of interstate migration over this period.
- The economic benefits of interstate migration were shared across all Queensland industries. However, trade-exposed industries such as mining and manufacturing, and labour-intensive industries such as accommodation and food services, health and retail trade, have tended to benefit more than other industries, reflecting the additional supply of labour available.
- The additional labour supply and increased workforce participation means, in the short-term, a reduction in the unemployment rate can be limited.

While population growth has historically been a key factor underpinning economic growth in Queensland, it will also continue to be an important contributor to growth in the future. In particular, as outlined in Chapter 2, the State’s population growth is forecast to strengthen to 1¾% in 2018-19 and 2019-20, supported by a strengthening in net interstate migration.

Continued investment in productive infrastructure is important to ensure ongoing provision of essential services to manage the pressures related to a growing population and to ensure Queenslanders continue to benefit from the increased growth and opportunities resulting from the State’s ongoing population growth.

1.2.2 Driving business growth, investment and exports

Queensland faces ongoing and increasing competition for investment, as capital increasingly becomes more mobile and the global economy becomes more interconnected. Therefore, it is critical that Queensland maintains a competitive business environment which continues to attract and support private investment.

Driving and facilitating private sector investment is crucial, given the private sector accounts for more than 70% of total investment in the economy, in addition to supporting 83% of Queensland jobs.

The Palaszczuk Government is delivering a range of industry attraction and facilitation services to assist industry to establish or expand their operations in Queensland. In the 2018-19 Budget an additional \$40 million is provided for the Advance Queensland Industry Attraction Fund and \$20 million for the Jobs and Regional Growth Fund, bringing the total funding committed to these programs to \$105 million and \$150 million, respectively.

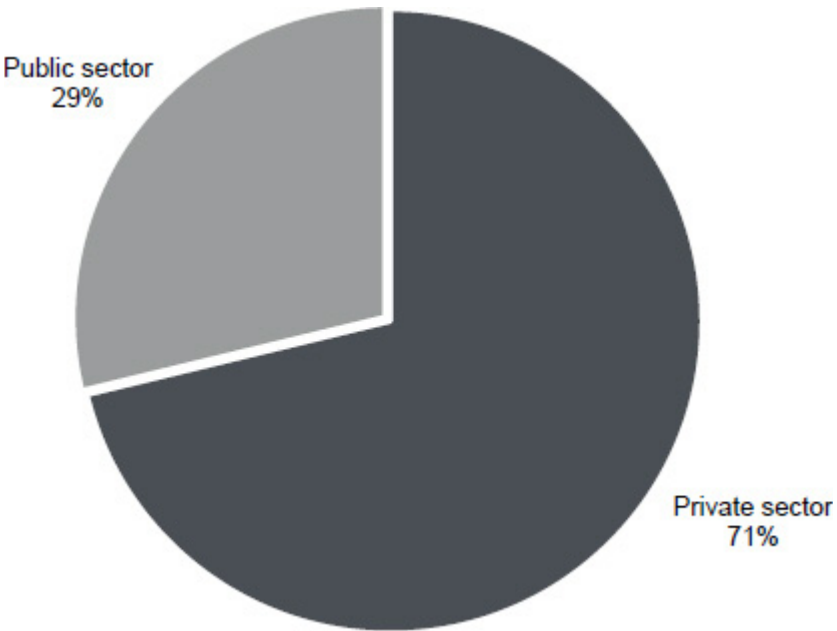
A range of initiatives in the 2018-19 Budget will also directly support the growth of key Queensland export sectors, including an additional \$94.6 million to support growth of the tourism sector under the Growing Tourism Jobs initiative.

Importantly, ongoing regulatory reform is a key component of the Government’s economic plan, with red tape reduction increasing business productivity and competitiveness, incentivising greater private sector investment, thereby, ultimately providing an overall boost to employment and economic growth.

In particular, the Government remains committed to cutting costs for the State’s more than 437,000 small to medium sized businesses (as at 2016-17), which employ around two thirds of all Queensland workers. The Budget provides increased funding of \$3.9 million to continue delivering the ecoBiz program that helps small to medium sized businesses identify and achieve financial savings and eco-efficiency across energy, water and waste.

Building on the Government’s regulatory reform efforts focused on small business, including establishment of the Better Regulation Taskforce, the Government is progressing development of a Business Impact Statement tool, as well as the election commitment to establish small business consultation panels. These initiatives will help ensure greater consideration of, and consultation with, small business stakeholders when developing policy and regulation.

Chart 1.1 Queensland business investment, private and public sector shares, 2016-17



Source: ABS 5206.0 and 8752.0

Box 1.2 Waste Strategy – driving business investment, innovation and jobs

On 20 March 2018, the Queensland Government announced the development of a comprehensive waste management strategy underpinned by a waste disposal levy.

The waste disposal levy will be instrumental in changing waste management practices in Queensland. By discouraging the disposal of waste to landfill, it will significantly boost certainty for investment in job-creating reuse, recycling, bioproducts and waste-to-energy industries.

By bringing Queensland into line with other States, the levy will also remove a key incentive for cross-border transport of waste to local landfills.

The waste strategy and levy are being introduced in a period of changing international policies relating to acceptance of recycling material, including China’s decision to tighten quality standards for imported recyclable material.

Key elements of the Queensland Waste Strategy

The levy will commence in the first quarter of 2019 and will apply to 38 local government areas, covering more than 80% of the State’s population. The waste disposal levy will apply to all general waste streams.

The levy will be set at \$70 per tonne for general waste, increasing by \$5 per annum. Proceeds from the levy will be used for waste programs, environmental priorities and community purposes.

There will be \$100 million allocated over three years to support Queensland’s resource recovery and recycling industry through the Resource Recovery Industry Development Program. The program will facilitate private sector and local government projects delivering innovative solutions to the problem of waste going to landfill and create jobs in emerging industries.

The Government will provide an annual advance on levy charges to those local governments that dispose of municipal waste in the levy zone. In 2018-19, \$32 million has been provided for this purpose. This will avoid direct costs to households from introduction of the waste levy. Between 2018-19 and 2021-22 it is expected that over 70% of revenue generated through the waste levy will be allocated to advance payments to councils, scheme start-up and operational costs, industry programs and other environmental priorities. Surplus revenue from the levy will benefit the entire Queensland community by providing funding for schools, hospitals, transport infrastructure and frontline services.

Economic and employment impacts

There are significant employment and economic impacts resulting from an effective waste strategy, including a waste levy on landfill disposal.

A recent independent study highlighted the relationship between the introduction of a waste levy and other key elements of a waste strategy with increasing waste diversion rates, business investment, innovation and jobs in the recycling sector.

Based on experience in other jurisdictions, both nationally and internationally, there is potential for Queensland to achieve higher recovery rates and derive the associated business investment, innovation and employment benefits.

In particular, the report indicated that the introduction of a waste strategy and waste levy in Queensland should play an important role in enabling these benefits to Queenslanders from higher-order resource recovery opportunities in the future.

The study also found that introduction of a waste levy will promote a reduction in waste generation and increase the diversion of waste to higher-value waste recovery and recycling industries.

The introduction of a levy in Queensland at \$70 per tonne, combined with other key elements of the waste strategy, will support new jobs in the waste industry over the long-term.

The report also indicated that the introduction of a waste levy should result in a significant reduction of interstate waste being transported to Queensland.

1.2.3 Encouraging innovation – Advance Queensland

Innovation is one of the key drivers of growth and job creation by facilitating economic transformation and boosting business competitiveness.

Through its flagship Advance Queensland initiative totalling \$650 million, the Queensland Government maintains a strong focus on fostering innovation and entrepreneurship to enable Queensland businesses to adapt rapidly to the ever-changing global business environment. The 2018-19 Budget provides increased funding of \$50 million over five years for key Advance Queensland programs, including the *Ignite Ideas Fund* and Industry Research Fellowships. The funding also includes an extension to ‘The Precinct’, Queensland’s flagship hub for start-ups, the Clem Jones Centre for Ageing and Dementia Research and a range of programs to drive and scale innovation in Queensland.

The 2018-19 Budget also provides increased funding of \$40 million over 2 years to the Business Development Fund to support emerging and high growth innovative Queensland businesses to commercialise their ideas by co-investing with experienced venture capital firms and investors.

The Palaszczuk Government’s continued focus on encouraging innovation is yielding tangible benefits. Advance Queensland programs are backing over 3,000 innovators, whose projects will drive over 11,000 jobs. Engagement and involvement across the State has been high, with over 60,000 attendees at Advance Queensland events, 57% of which were held in regional Queensland.

Significant achievements to date include:

- providing over 200 small and medium sized businesses with opportunities to commercialise market ready innovative ideas under the *Ignite Ideas Fund*, helping them grow and compete in a global market
- attracting over 35 international start-ups to Queensland through the *Hot DesQ* program
- developing roadmaps and action plans for a range of industry sectors, including Biofutures and Biomedical and Life Sciences, to promote knowledge-based jobs and the economy of the future
- establishing the *Queensland Genomics Health Alliance* to address the challenge of translating genomics data into meaningful clinical care to improve the health of our community.

1.2.4 Protecting and utilising our natural assets

Queensland’s natural resource endowments provide significant economic opportunities to Queenslanders and a key plank of the Government’s economic plan has been to ensure appropriate protection and sustainable use of these valuable assets.

Around 80% of Queensland’s land area is utilised for agricultural purposes, and the State’s mineral producers exported coal, LNG and other minerals worth more than \$56 billion in the year to March 2018. Meanwhile, Queensland’s comparative strengths in solar, wind and biofuels have also seen significant growth in the renewable energy sector in recent years.

Queensland’s beaches, national parks and Great Barrier Reef continue to attract visitors from across Australia and around the world, who spent 140 million visitor nights in the State in 2017, up 25% since 2011.

Clearly, one of Queensland’s most significant natural resources and tourist attractions is the world renowned Great Barrier Reef. To protect this vital natural asset, the Queensland Government has committed substantial resources to improving water quality in the catchment to improve long-term sustainability. The *Queensland Reef Water Quality Program* provides a total of \$330 million over a five-year investment plan to address all land-based sources of water pollution.

In addition to this prior commitment, the 2018-19 Budget provides \$26 million in 2018-19 over the next four years for the Great Barrier Reef Joint Field Management Program, and a total of \$13.8 million to help agricultural producers transition to new minimum standards designed to protect the reef.

In line with the Government’s ‘Saving Habitat, Protecting Wildlife and Restoring Land’ commitment, the Government has committed to establishing its flagship Land Restoration Fund (LRF).

The LRF will aim to support and develop Queensland’s emerging carbon farming industry by investing in projects that will deliver not only carbon reduction outcomes, but also other environmental, economic, and social co-benefits for Queenslanders. The Government will act as a cornerstone investor by providing seed capital of \$500 million and the LRF will seek to leverage other sources of investment including from private and philanthropic sources.

The Fund complements a range of other initiatives being delivered, such as the \$50 million Solar Thermal Plant Capital Contribution, to reduce Queensland’s contribution to climate change.

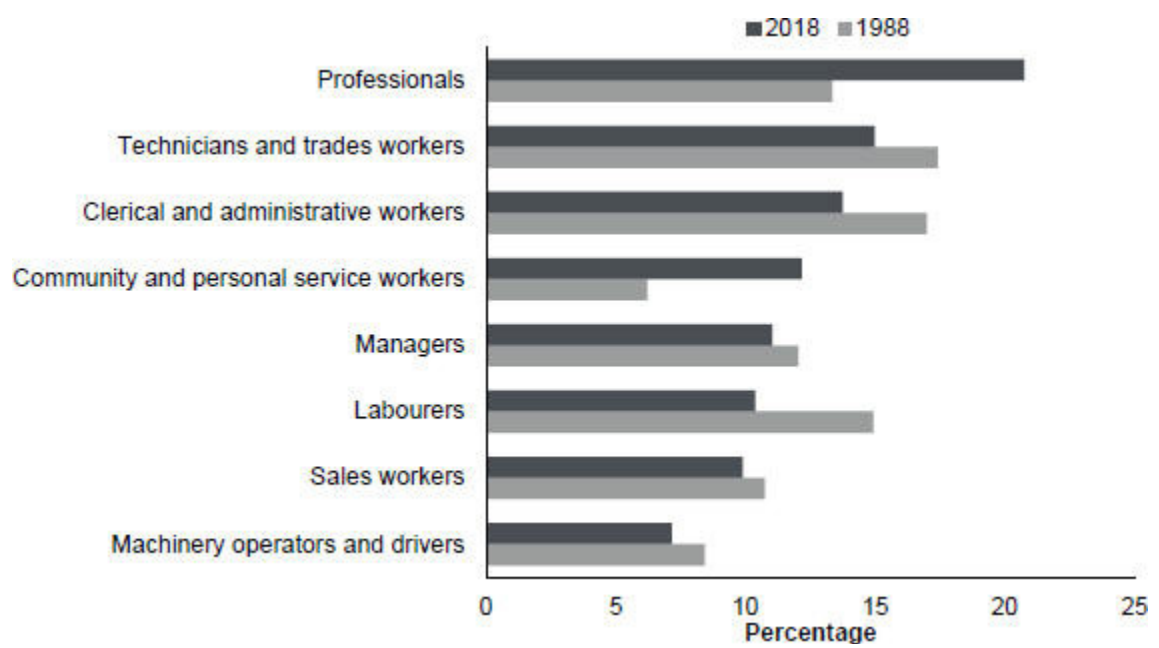
The Government is also implementing a range of policies to ensure our valuable mineral resources are managed sustainably and that their extraction brings economic and employment benefits to Queenslanders. Delivering on its election commitment, the Government has released more than 6,000 square kilometres of land for gas exploration for domestic use only to deliver more gas for domestic consumers to ease pressure on gas-dependent manufacturing industries.

1.3 Enhancing the capacity of Queenslanders to access and capitalise on opportunities

Ongoing changes in the State’s industry structure, as it continues to transition to a more knowledge intensive and services based economy, combined with technological change and other factors, have seen a significant shift over recent decades in the types of jobs and the skills needed to drive economic activity.

Most notably, strong growth in community and personal service workers has seen that sector’s proportion of total employment double between 1988 and 2018, while professionals now account for around one in every five jobs in Queensland.

Chart 1.2 Queensland employment share by occupation



Source: ABS 6291.0.55.003

1.3.1 Investing in skills for Queenslanders

The flexibility and adaptability that the State's workforce has displayed over many decades will need to continue for Queensland to stay along a path of strong and sustainable growth that delivers higher living standards for all Queenslanders.

In recognition of this challenge, the Government's economic plan has a strong focus on investing in training opportunities for Queensland workers and jobseekers to gain skills to seamlessly transition into new roles, engage in new types of work and continue contributing to the economy.

This includes training and employment programs targeted at improving short to medium term outcomes, but also extends to broader education focused policies aimed at maximising Queensland's human capital in the long-run.

The 2018-19 Budget builds on the success of the Back to Work program, which has successfully given Queensland employers the confidence to take on new employees and grow their businesses, through increased funding of \$20.5 million to give employers in targeted areas of South East Queensland access to employer support payments with applications open to 30 June 2020.

The Payroll Tax Apprentice and Trainee Rebate is a key initiative which supports the ongoing development of Queenslanders' skills, particularly for the State's youth. The rebate assists employers grow their businesses while also helping to build the stock of qualified and skilled Queenslanders.

The 2018-19 Budget includes a commitment of \$26 million to extend the higher 50% payroll tax rebate for a further 12 months to June 2019, which is expected to support the hiring of up to 26,000 apprentices and trainees throughout the year.

The State's disadvantaged jobseekers are another key focus of the Government's employment and training policy agenda, with the Skilling Queenslanders for Work initiative providing opportunities for tens of thousands of jobseekers in cohorts who have historically faced substantial labour market challenges.

Following increased investment of \$180 million in the 2017-18 Mid Year Economic and Fiscal Review, the Government's six-year investment in Skilling Queenslanders for Work will now total \$420 million by 2020-21.

Given the changing nature of skills requirements in the 21st century global economy, it is essential that individuals are equipped with the entrepreneurial and digital skills needed by innovative businesses and emerging industries.

Recognising the importance of early childhood education, the 2018-19 Budget also provides \$20 million over four years and \$5 million ongoing per annum to continue the First 5 Forever (F5F) Family Literacy Program, providing direct support to parents to build strong early years literacy foundations for children aged five years and below.

1.4 Ensuring all Queenslanders share in the increased prosperity and quality of life

The Queensland Government also plays a number of significant roles in ensuring the benefits of economic growth and the new opportunities created are translated into enhanced wellbeing and prosperity for all Queenslanders.

The Queensland Government continues to react and respond to Queenslanders’ preferences and is attuned to the community’s concerns and needs.

This includes the Government continually striving to improve the effectiveness and efficiency of its delivery of essential services by promoting new and innovative approaches to the procurement of those services.

As such, a range of essential Queensland Government services not only improve the health and safety of Queenslanders, their families and the community, but are also essential in underpinning economic outcomes, by enabling Queenslanders to be more productive and economically engaged through employment, education and training.

As part of the Government’s commitment to reduce cost of living impacts on Queensland households and small businesses, the 2018-19 Budget provides \$5.6 billion to help manage household budgets. A number of concessions are focused on supporting pensioners, special needs and disadvantaged members of the community to help reduce the cost of life’s essentials including electricity, water, transport, education and housing. The 2018-19 Budget also provisions around \$500 million for Queensland’s participation in the National Redress Scheme for Survivors of Institutional Child Sexual Abuse.

The Government has also made substantial investments to deliver the frontline services that Queenslanders need to ensure the health, education, safety and wellbeing of Queensland communities over recent years.

A record education and training operating budget of \$14.1 billion in 2018-19 will continue to deliver quality education to our young Queenslanders and \$732 million transformative capital improvements to school and training facilities across the State.

The 2018-19 Budget also provides significant funding to continue to deliver first-class health services to Queenslanders. This includes a record \$17.3 billion in operating funding, as well as a \$985.5 million health portfolio capital program.

The Palaszczuk Government also remains committed to protecting Queenslanders and keeping the State’s families and communities safe. This Budget delivers significant funding for a range of new and ongoing initiatives across the key public safety agencies, including an additional \$171.9 million over four years for 400 police officers in high priority areas and \$55.1 million over four years for 85 counter-terrorism officers and operational specialists and to establish a Security and Counter-Terrorism Command. This builds on the investment in the 2017-18 Budget for an additional 30 counter-terrorism police officers and 20 police officers, bringing total additional frontline police and operational specialists in priority areas across the State to 535.

Budget Strategy and Outlook 2018-19

The \$1.8 billion Queensland Housing Strategy, announced in the 2017-18 Budget, will continue to deliver more social and affordable housing, and transform the way housing services are delivered in Queensland. Meanwhile, Queensland families and communities will continue to benefit from the revitalisation of frontline service delivery in health, education and policing.

The 2018-19 Budget provides a total of \$17 million over three years to enact the Government's election commitment to implement a 'No Card, No Start' policy, which will prevent Blue Card applicants from commencing work until their application has been approved and their Blue Card issued.

The Government also recognises that a key element of being a responsive government is ensuring the services it provides are easy to use in the most effective and efficient way possible, and that it meets the standards of service demanded by Queenslanders. To this end, the 2018-19 Budget delivers additional funding of \$8.8 million in 2018-19 to continue digital technology and service delivery measures to improve customer service.

The Government's economic plan also recognises the importance of the interaction between different levels of government to help fund important community projects and programs, improving environmental outcomes and reducing the cost of living. As such, the Budget provides additional funding of \$32 million in 2018-19 for advance payments to councils to meet the cost of municipal household waste sent to landfill and to avoid any direct impact on households associated with the introduction of the Waste Disposal Levy in 2019.

The Budget also delivers on the Government's election commitment to implement more effective funding grants to Local Government by allocating a total of \$4.5 million over four years to progress the implementation of the *Review of Grants to Local Government: Current and Future State Assessments* report. Councils will receive a total of \$1.7 billion in grants in 2018-19.

2 **Economic performance and outlook**

Features

- Growth in Queensland gross state product (GSP) is expected to strengthen to 2¾% in 2017-18, largely reflecting a rebound in business investment and a recovery in coal exports following the impacts of Severe Tropical Cyclone (STC) Debbie in 2016-17.
- Economic growth is forecast to strengthen further to 3% in 2018-19. In 2019-20, while domestic activity should strengthen and support stronger jobs growth, it will also boost imports. Combined with a moderation in export growth, this will constrain the trade sector’s contribution to growth and result in GSP growth easing to 2¾%. From 2020-21, GSP is expected to grow 2¾% per annum, consistent with the State’s longer run potential.
- Stronger global economic conditions have boosted industrial production across Queensland’s major trading partners, lifting demand for and prices of several of the State’s key commodity exports. A rebound in coal exports following STC Debbie and the final year of the LNG ramp-up have also supported growth in overseas exports in 2017-18.
- Growth in household consumption has remained subdued in 2017-18, despite a strong pick up in full-time jobs. Growth is then expected to gradually strengthen over the forecast period. Meanwhile, dwelling investment is on track for a ‘soft landing’, with a slight decline in activity in 2017-18 and 2018-19 before returning to modest growth in 2019-20.
- Business investment has rebounded strongly in 2017-18, to be a key driver of economic growth. The recovery was initially driven by spending on machinery and equipment, but has since become broader-based, with improved business conditions and ongoing growth in tourism and education exports supporting a recovery in non-dwelling construction.
- However, largely reflecting the strong ramp up in business investment, overseas import growth is expected to be considerably higher than the growth in overseas exports, resulting in the trade sector detracting from overall growth in 2017-18.
- From 2018-19 onwards, growth in commodity exports is expected to be modest, while prices, particularly for coal, are expected to decline from current elevated levels. However, with imports expected to ease in 2018-19 following the surge in 2017-18, the trade sector should contribute to growth in 2018-19.
- Employment growth has been stronger than expected in 2017-18, driven largely by health, construction, transport and education. While growth has eased in early 2018, the strong gains in late 2017 mean growth over the year to June quarter 2018 is estimated to be 2¾%. Partially reflecting a lower level of activity in dwelling construction, employment is expected to grow at more sustainable rates of 1½% and 1¾% over the next two years.
- The entry of jobseekers encouraged by greater opportunities has seen the participation rate rise sharply and the unemployment rate stabilise in the short-term, with the unemployment rate forecast to remain at 6¼% in June quarter 2018 and 2019. However, stronger domestic activity is expected to see the rate fall to 6% by June quarter 2020.

2.1 International conditions

Global conditions improved significantly in 2017 and, on balance, the economic prospects of Queensland's major trading partners are positive over the forecast period. However, while the recent stronger growth is likely to extend into 2018, the pace of growth is expected to moderate in later years.

In addition to monetary policy settings by major central banks remaining accommodative, stronger global trade drove a rebound in industrial production in almost all of Queensland's major trading partners in 2017. This in turn has led to a strong recovery in mineral and energy prices.

However, the current outlook suggests that coal, iron ore and oil prices will decline to more sustainable levels in the coming year, in line with an anticipated slowing in global industrial production growth following its rebound in 2017.

Meanwhile, a widening interest rate differential between the US and Australia saw the A\$ fall back towards the lower end of the 75-80USc range by mid-May 2018. A sustained lower exchange rate will support the incomes and international competitiveness of Queensland exporters. However, higher US interest rates could see funds flow more towards the US and other overseas capital markets.

Growth in the **United States**, supported by expansionary monetary and fiscal policy, has seen the US labour market at or near full employment and inflation close to the Federal Reserve's (the Fed) target. While the Fed has continued to reverse some monetary stimulus, the recent fiscal stimulus provided by tax cuts and spending legislation is likely to support growth in the short-term. However, the tight labour market may increase inflationary pressure and cause the Fed to raise interest rates further and faster than anticipated, while any future balance sheet repair required due to the impact on US government debt may offset some of the short-term stimulus.

China's economy has maintained growth close to 7% in the past three years. The country's brisk pace of economic and social development has coincided with an ageing population, widening income inequality, high corporate debts and rising pollution. China's economic growth is expected to ease in the near-term, with trade tensions with the US providing a risk to the outlook.

Japan's economy has been expanding moderately in recent years, with the country's exports increasing on the back of stronger global economic growth. Japan's monetary policy is likely to remain accommodative for some time and, along with spending related to the 2020 Tokyo Olympics, Japan's economy is likely to grow moderately in the near-term.

Industrial production growth in **Korea** moderated in 2017, partly due to the appreciation of the Korean Won against the Japanese Yen over the course of 2017. Overall economic growth in Korea is expected to moderate slightly in 2018 and 2019.

India's economy has seen a rebound in growth, as investment and consumption continue to drive the cyclical recovery. The Reserve Bank of India expects India's economy to grow by 7.4% in 2018-19, which would likely see India as the world's fastest growing major economy.

2.2 National conditions

The national economy continues to transition towards broad-based growth. Australian Treasury forecasts GDP growth to strengthen to 2¾% in 2017-18 and to 3% in both 2018-19 and 2019-20.

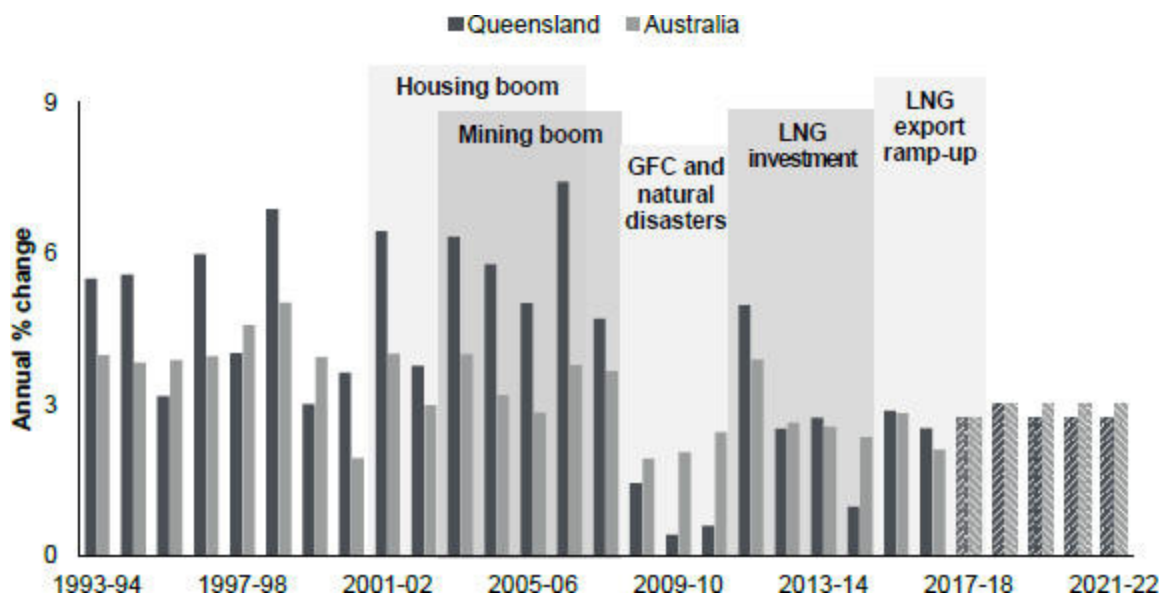
A pick-up in household consumption is supported by strengthening wage growth and solid employment outcomes, while dwelling investment is expected to remain elevated by historical standards. Australian Treasury expects business investment to return to growth in 2017-18, driven by a lift in non-mining business investment and a diminishing drag from mining investment.

Goods exports nationally continue to be supported by the expansion of mining capacity, primarily in Western Australia (iron ore and LNG) and the Northern Territory (LNG), while services exports are benefiting from opportunities in the Asian region. Australian Treasury expects employment growth to moderate from current rates and the unemployment rate to ease gradually.

2.3 Queensland conditions and outlook

Growth in the Queensland economy is expected to strengthen to 2¾% in 2017-18, reflecting further improvement in domestic demand (as business spending has rebounded) and a recovery in coal exports following STC Debbie. Economic growth is forecast to accelerate further to 3% in 2018-19, with household consumption gaining momentum and a contribution to growth from the trade sector as imports ease (Chart 2.1).

Chart 2.1 Economic growth¹, Queensland and Australia



Note:

1. CVM, 2015-16 reference year, 2017-18 onwards are forecasts/projections.

Sources: ABS 5206.0, Australian Government Budget 2018-19 and Queensland Treasury.

Domestic activity is forecast to strengthen in 2019-20, supporting stronger jobs growth, but also boosting imports. When combined with a forecast moderation in exports growth, as some key commodities approach production capacity, this is expected to constrain the trade sector’s contribution to growth in 2019-20 and result in overall growth easing to 2¾% in the year. From 2020-21, Queensland GSP is expected to grow by 2¾% per annum, consistent with the State’s longer-run potential (Table 2.1).

Table 2.1 Queensland economic forecasts/projections¹

	Actual	Est. Act.	Forecasts		Projections	
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Gross state product ²	2.5	2¾	3	2¾	2¾	2¾
Nominal gross state product	9.3	5½	4	3¾	4½	4¾
Employment ³	1.8	2¾	1½	1¾	1¾	2
Unemployment rate ⁴	6.2	6¼	6¼	6	6	5¾
Inflation ⁵	1.7	1¾	2	2½	2½	2½
Wage Price Index ⁵	1.9	2¼	2½	3	3	3
Population ⁵	1.5	1¾	1¾	1¾	1¾	1¾

Notes:

- 1. Unless otherwise stated, all figures are annual percentage change.
- 2. Chain volume measure (CVM), 2015-16 reference year.
- 3. Through-the-year growth rate to the June quarter (seasonally adjusted).
- 4. Seasonally adjusted rate for the June quarter.
- 5. Annual percentage change, year-average.

Sources: ABS 3101.0, 6202.0, 6345.0, 6401.0 and Queensland Treasury.

Household consumption

Constrained by moderate growth in household incomes, Queensland household consumption grew by 2.4% in 2016-17. While a marked improvement in labour market conditions in 2017-18 has aided a pick-up in overall compensation of employees, wage pressures in the economy remain low and households continue to be cautious about spending.

Further, with the State’s household savings rate in 2016-17 at its lowest since 2003-04, any growth in income will likely be utilised to pay off household debt, rather than translate into increased consumption in the short-term.

With the terms of trade expected to moderate and jobs growth forecast to soften following the exceptionally strong gains in 2017-18, household consumption growth is again forecast to be subdued in 2018-19. Additionally, the slowing in apartment construction is expected to both constrain spending on household goods and furnishings and reduce consumption due to falls in associated construction employment. In later years, consumption growth is forecast to pick up gradually, but remain below the average growth rates recorded prior to the GFC.

Dwelling investment

After several years of sustained growth, Queensland’s dwelling investment cycle peaked in 2016-17. Driven by a decline in the construction of attached dwellings (units, apartments, etc.), dwelling investment is forecast to contract in 2017-18 and 2018-19, as the large amount of new apartment supply is absorbed into the market. However, the decline across these years is expected to be moderate relative to previous cycles. Modest growth is expected to return from 2019-20 onwards, as the decline in attached dwelling construction slows and is offset by the construction of new houses and ongoing growth in alterations and additions.

Business investment

Following the LNG construction boom, Queensland business investment fell rapidly in 2014-15 and 2015-16 before stabilising in 2016-17, driven by a return to growth in machinery and equipment investment. Business investment is expected to rebound strongly in 2017-18, driven by growth across all components.

Growth in engineering construction is expected to be supported by investment in renewable energy projects, including wind and solar farms, in 2017-18 and 2018-19. However, with few major resources projects currently committed or under construction, growth in heavy industry investment will likely be subdued in the medium-term.

Non-residential building construction work has risen, strengthened by accommodation and educational facilities amid increased education enrolments and tourism activity. This trend is likely to continue. Elevated vacancy rates mean new investment in office space is likely to be subdued.

Machinery and equipment expenditure has risen solidly, buoyed by increased company profits, low lending rates to businesses and the lower A\$ benefiting exporters. Recent strength in employment growth and elevated capacity utilisation rates suggest this component should continue to grow in 2018-19. Overall, business investment is forecast to pick up steadily over the forecast period, consistent with a steady acceleration in non-dwelling construction growth.

Public final demand

Public final demand is forecast to continue to grow strongly. A range of large expenditure programs (such as the National Disability Insurance Scheme) and infrastructure projects, including the Queensland Government’s \$11.6 billion capital works program in 2018-19, will underpin this growth.

Overseas exports and imports

A rebound in coal exports following STC Debbie and the final year of the LNG production ramp-up have supported growth in overseas exports in 2017-18. However, the unexpected strong growth in overseas imports will result in net exports detracting from overall growth in 2017-18. In 2018-19, net exports are expected to contribute modestly to growth, but an increase in imports to support domestic growth in 2019-20 will constrain the overseas trade sector’s contribution to growth in that year.

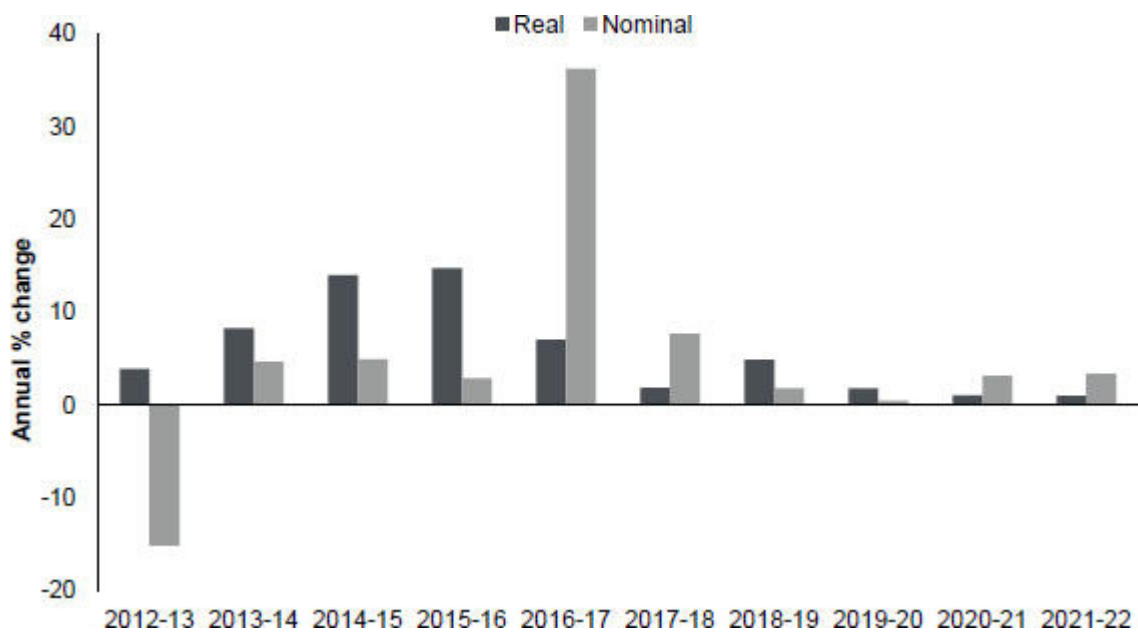
Coal export volumes have rebounded in 2017-18, following the loss of 11 million tonnes in April and May 2017 due to STC Debbie. However, this recovery has been tempered somewhat by the impacts of Tropical Cyclone Iris in early April 2018 and maintenance across port and rail infrastructure. Looking ahead, while coal exports volumes are forecast to continue to grow strongly in 2018-19, partly due to a resumption of full operation at the Dalrymple Bay Coal Terminal, the rate of growth will most likely be moderate in later years. Increased industrial production in Asia, particularly Japan and Korea, is expected to underpin demand for hard-coking coal, while new coal fired power stations in Japan will support demand for thermal coal.

Following several price spikes throughout 2016-17 and 2017-18 (due to regulatory supply restrictions in China, STC Debbie and increased demand in China), hard-coking prices are forecast to decline throughout 2018-19, but remain higher than 2015-16 levels. Similarly, thermal coal prices, which have been elevated throughout 2016-17 and 2017-18, are expected to decline in 2018-19, but remain above 2015-16 prices.

LNG export volumes have grown significantly in recent years, as all six LNG production trains on Curtis Island were completed and began exporting. However, reflecting strong domestic demand for gas, LNG exports have plateaued slightly below nameplate capacity and growth is expected to moderate in the coming years. With 2017-18 being the first full year in which all six LNG trains are in production, any further growth in LNG exports will be driven by new gas developments which will also provide additional supply into the eastern domestic gas market.

Metals export volumes are expected to return to growth in 2018, after closures of depleted mines and production cuts. With several new projects and increased production encouraged by a sustained rally in prices, metals exports are forecast to grow solidly in 2018-19 and 2019-20.

Chart 2.2 Overseas goods exports, Queensland



Source: Queensland Treasury.

Beef export volumes are expected to return to growth from 2017-18 onwards. With seasonal conditions expected to return to normal, restocking activity is forecast to gradually wane.

Sugar exports are expected to decline in 2017-18 following STC Debbie. Some recovery is expected in the near-term with only modest growth in the medium-term. **Cotton exports** are forecast to grow further in 2017-18, following a large increase in 2016-17. **Other crop exports** are forecast to decline substantially in 2017-18, due to large falls in wheat and chickpeas.

With the A\$ remaining at a more competitive level for an extended period, **tourism exports** are expected to grow solidly over the forecast period. However, with national tourism growth being underpinned largely by growth from Chinese and Indian tourists visiting friends and relatives, Queensland tourism is expected to continue to grow more moderately than the southern states.

Queensland’s international **education exports** have grown strongly in recent years. A competitive A\$, rising demand for education from Asia and increasing popularity amongst South American students are all expected to support continued strong growth.

Imports have picked up strongly in the first half of 2017-18 as business investment growth increased the demand for imported capital goods. However, the significant growth in imports has been stronger than the growth in machinery and equipment investment, possibly reflecting pent-up demand as business confidence continues to recover following the GFC.

Following the strong rebound in 2017-18, business investment is forecast to return to more moderate growth from 2018-19, while household consumption is expected to remain subdued over the forecast period. Reflecting these trends, imports are forecast to fall from elevated levels in 2018-19, before returning to modest growth in 2019-20.

Labour market

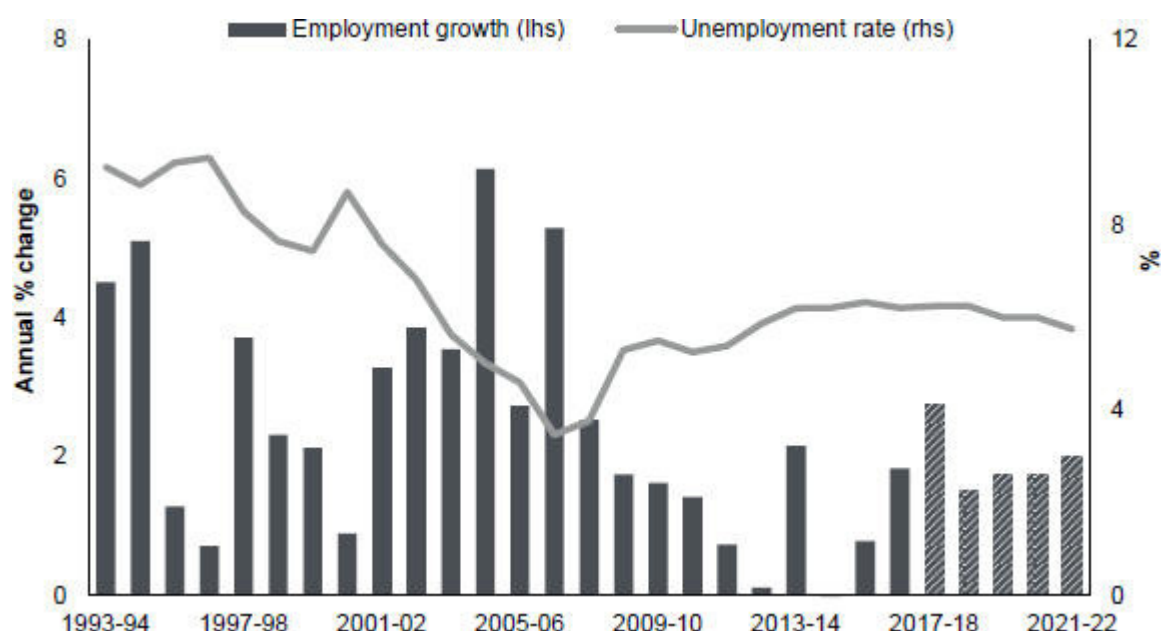
Employment growth has been stronger than expected in 2017-18. While employment growth has moderated in early 2018, the exceptional gains in late 2017 mean growth over the year to June quarter 2018 is estimated to be 2¾%. Employment growth is expected to return to more sustainable rates of 1½% and 1¾% respectively over the next two years (Chart 2.3).

The ongoing downturn in labour-intensive residential construction over 2018 and 2019 will be a key factor in the moderation of employment growth from its current high rate, with dwelling investment having considerable flow on effects to household consumption.

Rather than generating a similar reduction in the State’s unemployment rate, much of the recent strength in Queensland employment has been absorbed by increased labour force participation. The strong jobs growth has encouraged jobseekers to re-enter the labour force, seeing the participation rate climbing to its highest rate in three years. As a result, the unemployment rate is forecast to remain at 6¼% in the near term (June quarter 2018 and 2019).

With improved business investment, ongoing public spending programs and a slowly strengthening household sector, employment growth is forecast to improve in 2019-20 to be at or slightly above growth in the working age population. As the dwelling investment cycle matures and domestic economic activity strengthens, employment growth is expected to strengthen and the unemployment rate is forecast to move slightly lower later in the forecast period, improving to 6% in June quarter 2020 as spare capacity in the labour market is absorbed.

Chart 2.3 Employment growth¹ and unemployment rate², Queensland³



- Notes:
- 1. Through-the-year growth rate to the June quarter (seasonally adjusted).
 - 2. Seasonally adjusted rate for the June quarter.
 - 3. 2017-18 onwards are forecasts/projections.

Sources: ABS 6202.0 and Queensland Treasury.

Regional labour markets

With agriculture, mining and construction accounting for a significant portion of economic activity in regional Queensland, the operating environment of these few industries are crucial to the conditions and outlook for labour market outcomes in regional Queensland.

While farmers continue to face challenging conditions due to widespread drought, those regions exposed to the resources sector have improved. Meanwhile, continued growth in tourism activity has also supported a return to solid employment growth in regional Queensland (Chart 2.4).

As a result, the unemployment rate across many regional centres has declined and the overall gap between regional and South East Queensland has narrowed substantially in 2017-18. After stabilising between 2015 and early 2017, the aggregate unemployment rate in regional Queensland fell 0.6 percentage point (to 7.2%) over the year to April 2018, compared with a 0.1 percentage point increase in the South East (to 5.7%).

Areas such as Mackay and Cairns have shown considerable improvement. Over the year to April 2018, employment has risen in Townsville (up 10,300 persons), Mackay (up 6,900 persons) and Cairns (up 4,900 persons). Meanwhile, these regions’ unemployment rates have fallen by 2.3 percentage points (to 8.5%), 2.0 percentage points (to 3.8%) and 0.8 percentage point (to 6.3%), respectively.

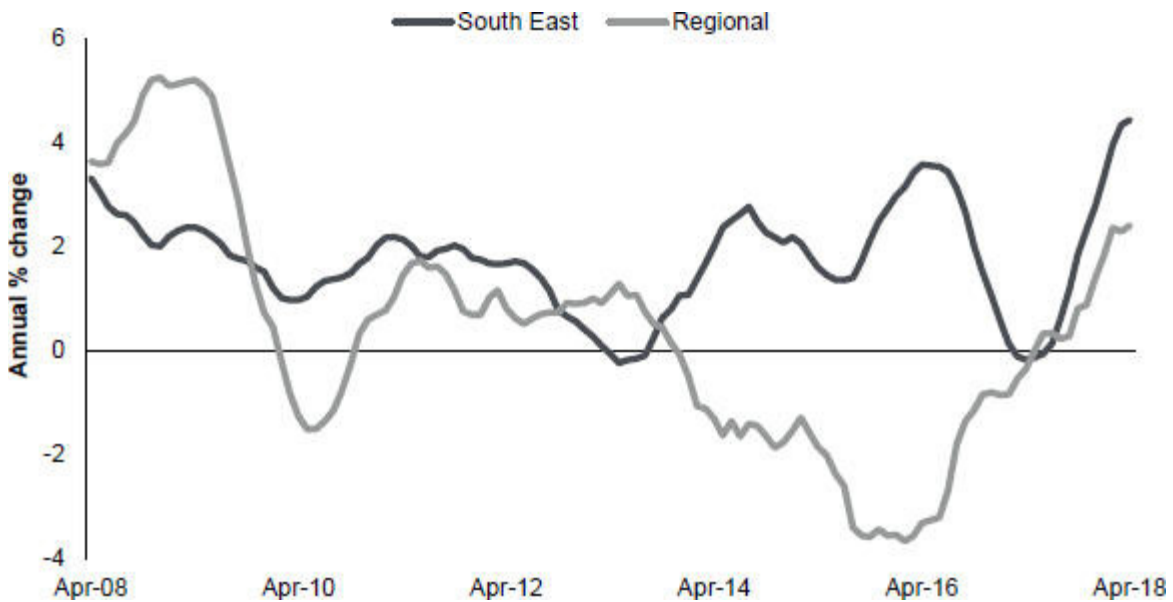
The improvement in Cairns is consistent with stronger tourism activity in recent years which has encouraged new investment projects and additional direct flights from China and Japan. Labour market conditions for younger workers in Cairns, closely linked to conditions in the region’s tourism industry and opportunities for lower-skilled workers, have also improved.

Meanwhile, Fitzroy appears to be adjusting following the wind-down in LNG construction investment and lingering impacts of the drought on beef production. Similar to Mackay, coal operations in the Fitzroy region have benefited from higher coal prices.

Labour market outcomes in Townsville have improved over the past year. However, while Townsville is a reasonably diversified economy, it continues to be influenced by prospects in the resources sector, directly through fly-in fly-out workers and indirectly via its processing infrastructure.

Conditions in the diverse Queensland-Outback region also remain challenging. The Outback faces ongoing drought conditions in the south and central west, and elevated levels of unemployment across some Indigenous communities.

Chart 2.4 Employment growth¹ by region, Queensland



Note:

- 1. Year-average. South East Queensland is defined as Greater Brisbane, Gold Coast, Sunshine Coast and Toowoomba.

Source: ABS 6291.0.55.003

Prices and wages

Brisbane consumer price growth is expected to remain subdued in 2017-18, with inflation largely due to the scheduled 12.5% annual increase in the Australian Government’s tobacco excise, higher purchasing costs for new dwellings and higher automotive fuel prices. A modest acceleration in inflation is forecast for 2018-19, with a further increase in the tobacco excise and increased new dwelling purchase prices again contributing strongly to increases in the CPI.

Despite nominal wage growth remaining low by historical standards, real wages have continued to rise. As conditions in the domestic economy and spare capacity in the labour market declines, wage growth is expected to improve over the medium-term.

Population

Queensland’s population growth is forecast to average around 1¾% in 2017-18 and over the remainder of the forecast period.

Housing affordability has seen a strengthening in net interstate migration from New South Wales, while the end of the Western Australian resources investment boom has seen an increase in net inflows over recent years, after a period of outflows to that state between 2008 and 2015.

Net overseas migration in Queensland has grown strongly but is expected to moderate in 2018, consistent with national policies. However, rising incomes in Asia and the competitive A\$ will continue to help drive growth in net overseas migration over the medium-term.

Over the longer term, Queensland Treasury projections show that Queensland’s population, which is estimated to have recently topped 5 million, will reach 6 million by 2029 and 7 million by 2038, with much of this growth anticipated to occur in the south east of the State.

Substantial investment in transport, health and education infrastructure, from both the public and private sectors, will be required to support the productive capacity of this increased population base. The Palaszczuk Government’s \$45.8 billion capital works program is designed to help meet the demands of the State’s growing population.

2.4 Risks and opportunities

Key risks to the international outlook include the timing of monetary policy normalisation in major economies, particularly the US. Further interest rate differentials between the US and Australia may have an adverse flow-on effect to the Australian economy in general, particularly on borrowing costs.

Further, there are still uncertainties surrounding global trade conflicts which may impair demand for key industrial commodities.

Domestically, uncertainty remains around the extent of oversupply in the apartment market, and any concurrent downturn in major southern capitals could exacerbate the downturn in Queensland.

There are ongoing uncertainties surrounding changes to coal transport scheduling and any potential response by coal miners, other above-rail providers and ports. The current assessment is that the impact may not be significant, and that the issue is expected to be resolved this year. Overall, coal exports are expected to be higher in 2018-19 compared to last year. Notwithstanding this, the uncertainty provides a risk to the outlook.

More than 50% of the State remains drought declared. While a return to normal seasonal conditions is assumed, if current drought conditions continue, it could negatively impact on agricultural investment, production and exports.

Upside risks include the possibility that business investment may be stronger than currently predicted if company profits continue to remain at high levels or more large scale renewable energy projects are committed. Further, if commodity prices remain relatively high for longer than anticipated, it may rekindle some additional interest in other mining-related investment.

Table 2.2 Queensland economic forecasts¹, by component

	Actual 2016-17	Est. Act. 2017-18	Forecasts	
			2018-19	2019-20
Economic output²				
Household consumption	2.4	2	2¼	2½
Private investment	1.3	4½	1¼	2½
Dwelling investment	3.2	-4¼	-1½	1
New and used	4.2	-7¼	-3¾	-½
Alterations and additions	1.1	3	3	4
Business investment	-1.9	10¾	3¼	3¾
Non-dwelling construction	-6.8	10	1½	3½
Machinery and equipment	5.3	11½	5¾	4
Private final demand	2.1	2¾	2	2½
Public final demand	5.2	4	3¾	3
Gross state expenditure	3.0	3	2¼	2¾
Net overseas exports ³	0.4	-1¾	1¼	0
Overseas exports	6.8	2½	4¾	2¼
less Overseas imports	5.8	12	-1	2¾
Gross state product	2.5	2¾	3	2¾
Nominal gross state product	9.3	5½	4	3¾
Other economic measures				
Employment ⁴	1.8	2¾	1½	1¾
Unemployment rate ⁵	6.2	6¼	6¼	6
Inflation ⁶	1.7	1¾	2	2½
Wage Price Index ⁶	1.9	2¼	2½	3
Population ⁶	1.5	1¾	1¾	1¾

Notes:

1. Unless otherwise stated, all figures are annual percentage changes.
2. CVM, 2015-16 reference year, except nominal GSP. Components not separately reported are other investment (cultivated biological resources, intellectual property products and ownership transfer costs), the balancing item (including interstate trade and inventories) and the statistical discrepancy.
3. Goods and services, percentage point contribution to growth in gross state product.
4. Through-the-year growth rate to the June quarter (seasonally adjusted). The comparable growth rates in year average terms are 0.0%, 4%, 1½% and 1¾% from 2016-17 through to 2019-20.
5. Seasonally adjusted rate for the June quarter.
6. Annual percentage change, year-average.

Forecast assumptions include: a gradual rise in the RBA cash rate from 2019; a broadly stable A\$; oil prices to fall in the near term and then be relatively stable; and a neutral outlook for weather conditions.

Sources: ABS 3101.0, 6202.0, 6345.0, 6401.0 and Queensland Treasury.

3 Fiscal strategy and outlook

Features

- The 2018-19 Budget delivers on the Government’s election commitments, especially in the areas of infrastructure, jobs and skills, and services.
- A net operating surplus of \$1.512 billion is expected for 2017-18. This is \$1.027 billion higher than estimated at the 2017-18 Mid Year Fiscal and Economic Review (MYFER), and \$1.366 billion higher than the surplus forecast at the time of the 2017-18 Budget.
- The significant 2017-18 surplus results from short-term factors, particularly higher royalty revenue from coal prices remaining higher for longer than expected, increased Australian Government grants due to a larger Goods and Services Tax (GST) pool and upwards revisions to revenue from dividends and income tax equivalent income.
- The strong 2017-18 operating surplus will see General Government Sector debt in 2017-18 around \$2.4 billion lower than estimated in the 2017-18 Budget.
- The expected return of coal prices to the medium-term outlook, anticipated reductions to GST revenue and declining dividends and interest income means the fiscal environment beyond 2017-18 remains challenging.
- A General Government Sector net operating surplus of \$148 million is forecast for 2018-19. Net operating surpluses are forecast across the forward estimates, though smaller than estimated at MYFER as a result of anticipated significant reductions in receipts from the Australian Government, particularly GST.
- The General Government Sector debt to revenue ratio has decreased substantially over the period to 2017-18 in each successive budget since 2014-15. The debt to revenue ratio for 2017-18 has fallen to 54%, primarily as a result of the strong 2017-18 operating surplus, and is significantly lower than the peak of 91% in 2012-13.
- Queensland’s General Government Sector borrowing costs as a percentage of revenue are now largely in line with that of other states. Government borrowings are funding the investment in productive infrastructure that will grow the state’s economy.
- Queensland’s net worth (that is, the amount by which the State’s assets exceeds its liabilities) continues to increase. At the same time, the State’s long-term financial liabilities, including accruing superannuation liabilities and WorkCover, continue to be fully funded.
- Non-financial Public Sector debt will continue to increase over the forward estimates as a result of continued investment in economic infrastructure, however it is forecast to remain below \$80 billion in 2020-21, and is almost \$1.1 billion lower than forecast at the 2017-18 MYFER.

3.1 Context

The Queensland Government is delivering the best possible services and infrastructure to all communities.

The 2018-19 Budget focuses on implementing the 2017 election commitments, managing emerging fiscal pressures and continuing to deliver the Government’s commitment to grow the economy, supporting and creating jobs, and improve health and education outcomes.

The 2017 election commitments will be funded through reprioritisations and revenue measures, consistent with *Putting Queenslanders First*. In addition, Queensland Treasury will be continuing its work with agencies to find efficiencies in expenditure and ensure effectiveness in programs and service delivery.

Since MYFER, there has been a reduction of around \$749 million over the forward estimates in expected GST funding provided by the Australian Government resulting from a decrease in Queensland’s share of the GST. This is despite an increase in GST funding in 2017-18, which is due to an increase in the overall size of the GST pool.

3.2 Key fiscal aggregates

The key fiscal aggregates of the General Government Sector for the 2018-19 Budget are outlined in Table 3.1 and are discussed in detail in this chapter.

Table 3.1 General Government Sector – key fiscal aggregates¹

	2016-17 Actual ² \$ million	2017-18 MYFER \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Revenue	56,194	56,464	58,259	57,738	58,835	59,939	62,269
Expenses	53,373	55,980	56,747	57,590	58,675	59,829	61,579
Net operating balance	2,821	485	1,512	148	160	110	690
PNFA ³	4,634	4,965	4,905	5,927	7,557	7,396	7,081
Fiscal balance	536	(1,681)	(604)	(3,033)	(3,881)	(3,400)	(2,636)
Net Worth	194,936	198,268	199,686	202,636	205,775	208,101	210,515
Borrowing	33,260	32,502	31,367	32,311	35,861	39,588	42,290
Borrowing (NFPS) ⁴	71,904	71,222	69,501	70,871	75,214	79,750	83,093

Notes:

- 1. Numbers may not add due to rounding. Bracketed numbers represent negative amounts.
- 2. Reflects published actuals.
- 3. PNFA: Purchases of non-financial assets.
- 4. NFPS: Non-financial Public Sector.

3.2.1 Net operating balance

Table 3.2 compares the General Government Sector net operating balance forecasts for the 2017-18 Budget and MYFER with 2018-19 Budget forecasts.

Table 3.2 General Government Sector – net operating balance forecasts

	2016-17 \$ million	2017-18 \$ million	2018-19 \$ million	2019-20 \$ million	2020-21 \$ million	2021-22 \$ million
2017-18 Budget	2,824	146	117	704	408	n.a.
2017-18 MYFER	2,821	485	165	307	531	n.a.
2018-19 Budget	2,821	1,512	148	160	110	690

The anticipated 2017-18 net operating surplus of \$1.512 billion compares with a forecast surplus of \$485 million expected in the 2017-18 MYFER.

Since MYFER, forecast revenue has increased by \$1.795 billion in 2017-18, primarily related to:

- royalty revenues being higher than forecast, attributable largely to higher coal prices during 2017-18
- increased grants, driven by the larger GST pool
- increased dividend and income tax equivalent income, supported by increased earnings from electricity generation and network businesses.

The key drivers for a \$767 million increase in expenses since MYFER include provisioning for the anticipated costs of Queensland participating in the National Redress Scheme and the Australian Government’s advance payment of Financial Assistance grants to local governments in 2017-18 for the 2018-19 financial year.

In 2018-19, General Government Sector expenses are estimated to be 1.5% higher than the 2017-18 estimated actual. Factors influencing the higher expenses in 2018-19 include increased activity in Health and Education, additional job creation initiatives, community services initiatives, and advance payments to local councils for the introduction of the new Waste Disposal Levy.

Additional measures, detailed in Budget Paper 4 *Budget Measures*, support the Government’s ongoing commitment to improve service delivery across the State.

Consistent with the Government’s fiscal principles, net operating surpluses are forecast across the forward estimates. For 2018-19, the estimated General Government Sector operating surplus of \$148 million is marginally lower than the \$165 million expected at the time of the 2017-18 MYFER.

Table 3.3 provides a breakdown of the movements in the net operating balance since the 2017-18 MYFER.

Table 3.3 Reconciliation of net operating balance, 2017-18 MYFER to 2018-19 Budget¹

	2017-18 \$ million	2018-19 \$ million	2019-20 \$ million	2020-21 \$ million
2017-18 MYFER net operating balance	485	165	307	531
Taxation revisions ²	(20)	(160)	(304)	(407)
Royalty revisions	638	1,458	1,069	555
GST revisions	239	151	(278)	(861)
Measures ³				
Expense ⁴	(528)	(832)	(583)	(561)
Revenue	—	116	474	478
Net	(528)	(716)	(109)	(83)
Net flows from PNFC and PFC entities ⁵	457	186	114	93
Australian Government funding revisions ⁶	(64)	(515)	(481)	334
Other parameter adjustments ⁷	303	(420)	(158)	(51)
2018-19 Budget net operating balance	1,512	148	160	110

Notes:

1. Numbers may not add due to rounding. Numbers indicate the impact on the operating balance. A number in brackets indicates a negative impact on the operating balance.
2. Represents parameter adjustments to taxation revenue excluding taxation revenue measures.
3. Reflects the operating balance impact of Government decisions since the 2017-18 MYFER.
4. Includes anticipated costs of Queensland participating in the National Redress Scheme.
5. Represents revisions to dividends and tax equivalent payments from, and community service obligations (CSOs) and Transport Service Contract (TSC) payments to, Public Non-financial Corporations and Public Financial Corporations, net of CSO and TSC expense measures.
6. Represents the net impact of funding provided by the Australian Government primarily for Specific Purpose Payments and National Partnership payments and includes funding for disaster recovery expenses.
7. Refers to adjustments largely of a non-policy nature, primarily changes in interest paid on borrowings, depreciation, swaps and deferrals.

3.3 Fiscal strategies

3.3.1 State’s operating capacity

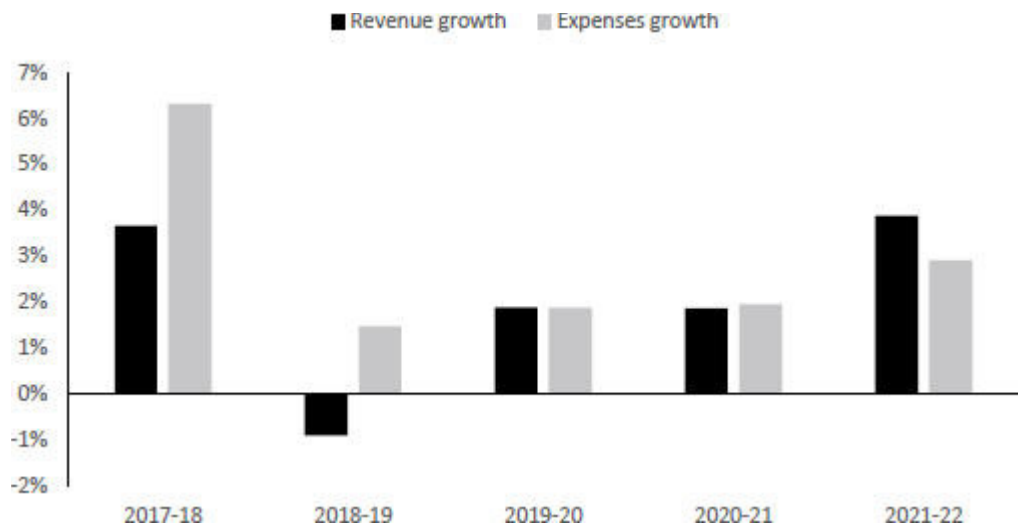
The Palaszczuk Government is committed to the sound management of the State’s finances, while delivering high quality services to all Queenslanders. This includes managing within the State’s means and budgeting for operating surpluses in each year of the forward estimates.

This task is made more challenging by a feature of Australia’s federal system known as vertical fiscal imbalance. This imbalance occurs because the Australian Government collects the majority of the country’s revenue, including GST, but States are responsible for delivering the majority of services to the public, including health and education services.

As outlined in Chapter 7, almost half of Queensland’s revenue is from the Australian Government. This means that Queensland’s fiscal position is largely influenced by decisions made by the Australian Government, such as not renewing expiring funding agreements, resulting in a lack of certainty about the funding that will be received each year.

Chart 3.1 shows revenue and expenses growth over five years. Over this period, average annual growth in revenue is expected to be 2.07%, with expenses expected to grow 2.9%.

Chart 3.1 General Government Sector revenue and expenses growth



At any given time, issues exist with potentially significant fiscal impacts. However, until issues have been considered by Government or formal agreements are in place, uncertainty exists as to when and if these issues will impact on the net operating balance. Therefore, until greater certainty eventuates, the potential fiscal impacts of such issues are not included in the forward estimates.

Such issues include:

- Share of future GST revenue: The Australian Productivity Commission has completed an inquiry into horizontal fiscal equalisation – the principle underpinning the distribution of GST revenue to the states and territories. At the time of finalising the 2018-19 Budget Papers, states have not been provided with the final report. The recommendations have the potential to significantly change the amount of GST revenue that Queensland receives.
- Long-term School Funding Agreement: The Australian Government is currently in negotiation with State and Territory governments to renew a new five-year School Funding Agreement from 1 January 2019. The agreement may require Queensland to increase school funding over the coming years, based on a new funding methodology. States and Territories are negotiating the terms of the agreement, including the measurement of the funding methodology and transition period.

- Remote Housing: The National Partnership on Remote Housing focussed on addressing critical housing needs for Aboriginal and Torres Strait Islander people in remote communities to reduce overcrowding and improve living standards. This agreement expires 30 June 2018, and no renewed funding was provided in the 2018-19 Commonwealth Budget. Significant additional investment is required to meet the growing housing needs in remote Indigenous communities. There are also significant costs to the State related to operating and maintaining existing dwellings constructed under the expiring agreement.

Revenue

An economic environment that supports business and jobs growth, and does not place undue strain on households through policy and taxation settings, is key for any jurisdiction.

To support the delivery of election commitments, the 2017-18 MYFER reflected the Government’s adoption of four modest revenue measures:

- a 0.5% increase in the land tax rate for aggregated holdings above \$10 million
- an increase in the Additional Foreign Acquirer Duty (AFAD) from 3% to 7%
- an increase of \$2 per \$100 of dutiable value for vehicles valued above \$100,000
- a 15% point of consumption betting tax.

These measures are discussed in further detail in Chapter 4.

The Government will also introduce a Waste Disposal Levy of \$70 per tonne from the first quarter of 2019, as part of a comprehensive waste management strategy.

More information on Queensland’s revenue outlook is provided in Chapter 4.

Fiscal principle supporting revenue management

Taxation per capita in Queensland is significantly lower compared to the average of other Australian states and territories, as discussed in Chapter 4. In 2018-19, Queensland’s taxation per capita of \$2,808 will be \$875 per capita less than the average of the other jurisdictions.

The Government also aims to support businesses and households by ensuring that own-source revenue in the General Government Sector, including user charges and royalties, remains at or below 8.5% of nominal gross state product (GSP), on average, across the forward estimates. Own-source revenue is derived from total State revenue less any grants received from external sources, mainly the Australian Government.

This principle is expected to be met over the forward estimates period, with revenue falling as a percentage of GSP. For 2018-19, General Government own-source revenue is forecast to be 8.2% of nominal GSP. This falls to 7.7% by 2021-22, with an average of 8.0% across the four years.

Expenses

The forward estimates include the Palaszczuk Government’s election commitments, as outlined in *Putting Queenslanders First*, which total \$1.383 billion. All election commitments have been fully funded through revenue measures and over \$1 billion in reprioritisation measures (excluding Queensland Health) over the forward estimates. Delivery of these measures will neither be at the cost of public service jobs nor will require the sale of strategic income-earning assets.

Between 2016-17 and 2021-22, expenses are forecast to grow at an average annual rate of 2.9% per year. More information on Queensland’s expenditure outlook is provided in Chapter 5.

Fiscal principle supporting expenses management

In the General Government sector, employee expenses equate to approximately 40% of total expenses. Increases in employee expenses reflect changes in the number of public sector employees as well as wages growth.

A key focus is to ensure a balance between delivery of high-quality services, and the discipline that underpins the Government’s commitment to fiscal sustainability.

To manage employee expenses growth, the Palaszczuk Government has adopted a fiscal principle to maintain a sustainable public service by ensuring that overall growth in full-time equivalents (FTE) employees, on average over the forward estimates, does not exceed population growth.

FTEs are estimated to increase by around 3,833 (or 1.71%) in 2018-19, with the majority of the increase being attributable to growth in health and education.

Average FTE growth over the forward estimates period from 2017-18 to 2021-22 is 1.71%. This compares to an estimated Queensland population growth of 1¾% annually.

Further details on FTE estimates are provided in Chapter 5, with Table 5.2 providing in-scope agencies and their FTE estimates for 2017-18 and 2018-19.

3.3.2 Infrastructure investment

The Palaszczuk Government is delivering essential infrastructure and capital works to meet the State’s increasing service needs and to promote increased productivity and efficiency for the State’s industries. The Government also recognises that building infrastructure benefits local communities, strengthens local economies and supports local jobs.

The Palaszczuk Government’s 2017 election commitments outlined \$1.404 billion in new capital measures, including:

- \$353 million towards Building Better Hospitals
- over \$128 million towards Future Proofing the Bruce
- \$308 million towards Building Future Schools
- \$235 million towards Renewing Our Schools.

These capital measures will be funded primarily through allocations from the State Infrastructure Fund and through improved cash management practices.

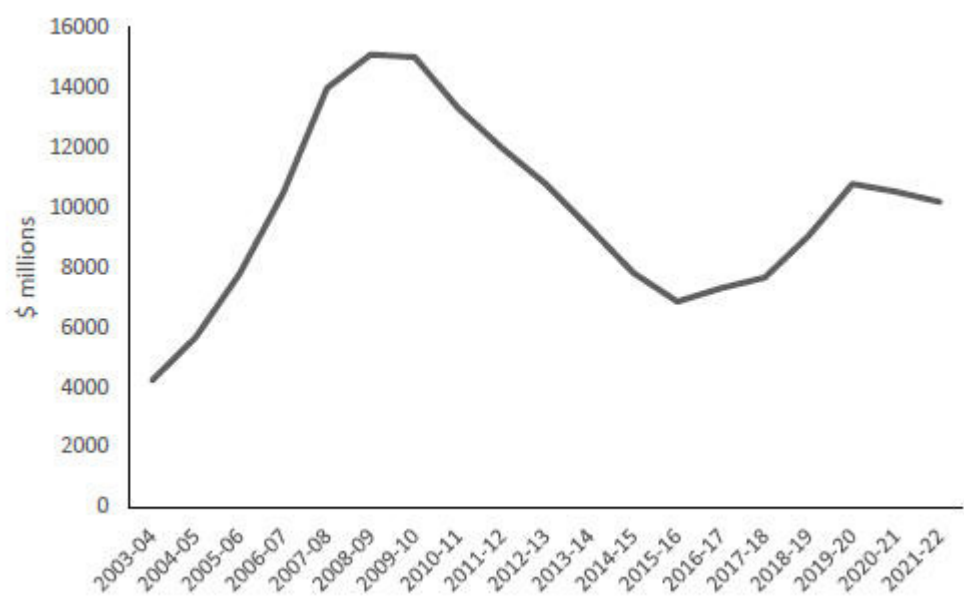
As part of the 2018-19 Budget, the Government has provided further capital funding of just over \$900 million for M1 Pacific Motorway upgrades and \$176 million towards the Rookwood Weir.

Further information about the Government’s capital program is provided in Chapter 6 and Budget Paper 3 *Capital Statement*.

Box 3.1 History of purchases of non-financial assets in Queensland

As can be seen from Chart 3.2, purchases of non-financial assets (PNFA), across the entire Non-financial Public Sector, which includes the spending by government-owned corporations, increased significantly from 2003-04, peaking at \$15.101 billion in 2008-09.

Chart 3.2 Purchases of non-financial assets, Non-financial Public Sector



The unprecedented high levels of capital spending were the culmination of many unique circumstances existing at the time. These included:

- responding to the prolonged drought in South East Queensland between 2001 and 2009, resulting in a range of measures, including the Gold Coast Desalination Plant, the Western Corridor Recycled Water Scheme and new dams and weirs, as well as the Government purchase of SEQ council-owned assets which formed the basis of the SEQ Water Grid
- several large health-related infrastructure projects from 2007-08, peaking in 2011-12, including the construction of Lady Cilento Children’s Hospital, the Sunshine Coast University Hospital, and the Gold Coast University Hospital
- ramping up of investment in electricity infrastructure from 2004-05 to meet strong growth in demand and ensuring Queenslanders could enjoy improved reliability and safety of supply
- roadway infrastructure of around \$500 million per year in the four years to 2010-11, prior to the divestment of Queensland Motorways Limited
- Commonwealth stimulus in response to the Global Financial Crisis, which included programs such as Social Housing and the Building the Education Revolution program.

More recently, the State has entered into several finance lease type arrangements, mainly resulting from Public Private Partnerships (PPPs), which are included in the capital program but not fully reflected in purchase of non-financial assets.

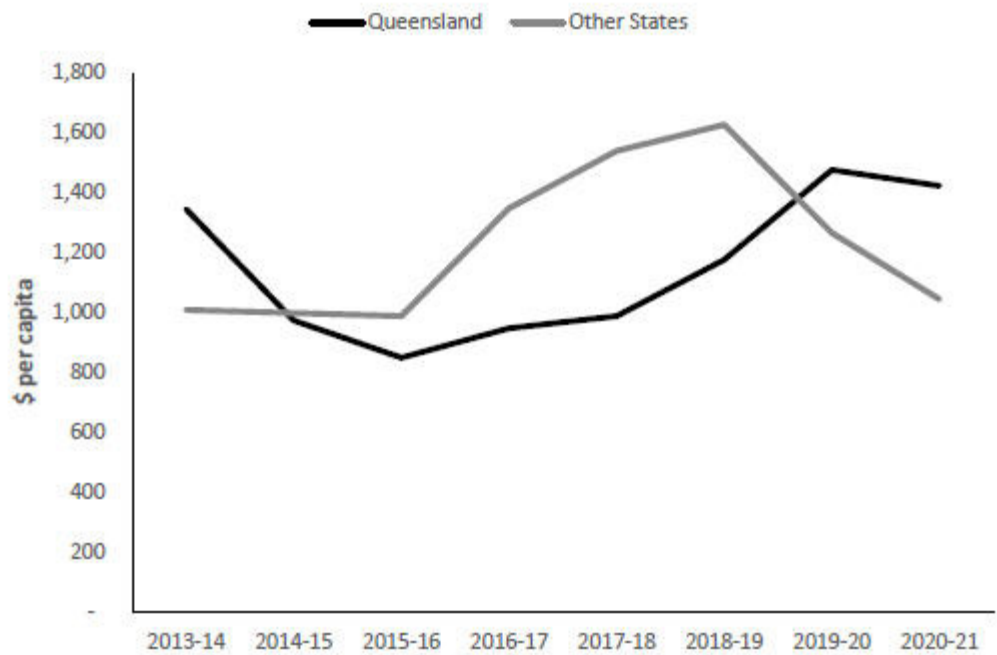
Purchases of non-financial assets going forward

Going forward, the Government is, where appropriate, funding its capital program through methods other than direct PNFA. As mentioned above, PPPs, for example, provide alternative financing approaches for the development of new infrastructure or other capital.

The magnitude of spending on PNFA that occurred from the mid-to-late 2000s was brought about by a range of unique circumstances. While the capital program is forecast to increase from its 2015-16 level, it does not return to previous highs.

Chart 3.3 provides an interjurisdictional comparison over time, showing that from 2019-20, Queensland’s capital spending per capita is expected to exceed the average of other states.

Chart 3.3 Per capita purchases of non-financial assets, General Government Sector

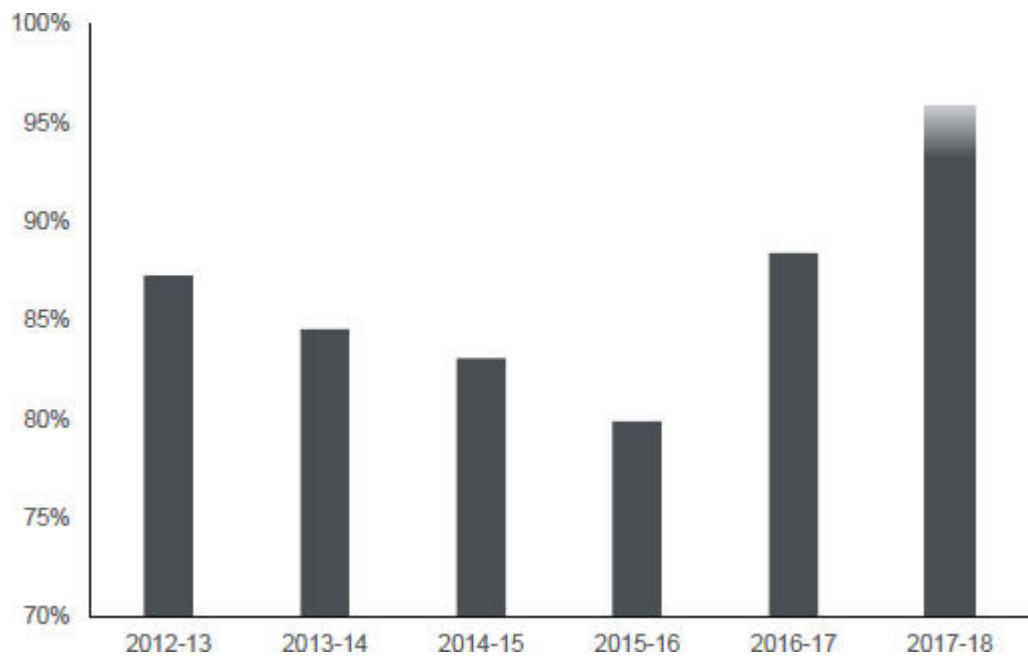


Improving delivery of the capital program

The Government has implemented a clear focus on improving the timely delivery of essential infrastructure in Queensland. This has resulted in an improvement in the amount of capital expenditure that is actually delivered, as a proportion of the Budget allocation.

This is demonstrated in Chart 3.4, which identifies that the proportion of budgeted purchases of non-financial assets actually delivered in 2016-17 was the highest in the past five years. Further improvement is anticipated in 2017-18, with more than 90% of budgeted purchases of non-financial assets expected to be delivered.

Chart 3.4 Total State purchases of non-financial assets – actual as a proportion of budget



Fiscal principles supporting capital investment management

The Government has adopted two fiscal principles to ensure that there is a consistent flow of capital works and that any new capital investment is funded primarily through recurrent revenues rather than borrowings.

While the value of the total capital program can fluctuate across financial years, the 2018-19 Budget provides for an average General Government Sector PNFA of \$6.990 billion across the budget and forward estimates. Total General Government Sector PNFA over the budget and forward estimates are projected at \$27.961 billion.

Infrastructure funding

The General Government Sector Cash Flow Statement (refer Table 9.7) provides details of the sources of funding for capital investment. It shows that net cash inflows from operating activities equate to 99% of the funding required for the 2017-18 net General Government Sector investments in non-financial assets.

Across 2018-19 to 2021-22, net cash inflows from operating activities are budgeted to average 49.4% of the funding required, primarily reflecting the higher level of capital spending during the period.

The Government is continuing to invest in infrastructure projects that are necessary to support Queensland’s growing population and economy. Borrowings will increase to support the capital program, but are expected to remain below projections in the 2017-18 MYFER due to the stronger than expected 2017-18 operating surplus.

Gross General Government Sector borrowings of \$31.367 billion at 30 June 2018 are forecast to be \$1.135 billion lower than forecast in the 2017-18 MYFER and \$17.054 billion less than forecast at the time of the 2014-15 Budget.

Borrowings

The history of Queensland Government debt over the past decade mirrors that of the Queensland economy. Before 2007, the economic and fiscal policies of the State reflected a transition from a low service level State, to a State with service levels comparable to other major states in Australia. This transition supported a period of sustained growth in the Queensland economy, with many significant infrastructure projects providing enhanced community facilities like schools and hospitals, along with supporting resource development as populations increased significantly across regional Queensland.

While total spending increased over this period as new major social spending programs were introduced, these costs were supported by revenues generated from the housing and mining booms, as well as increases in GST revenues arising from credit expansion. To put this into context, Queensland’s GST revenue alone grew by an average rate of 7.5% per annum across the periods 2001-02 to 2007-08.

In 2007, the global financial crisis (GFC) impacted every major economy in the world, including Queensland. Consumer confidence fell, expectations of a recession rose, and the State’s growing revenue base began to contract.

The Government at the time decided to maintain its economic development program and increase debt. This decision to continue the State’s capital program was aimed at avoiding recession during the GFC. Combined with actions from the Australian Government and the Reserve Bank, along with strong demand from China, the Queensland and Australian economies continued to grow through the GFC.

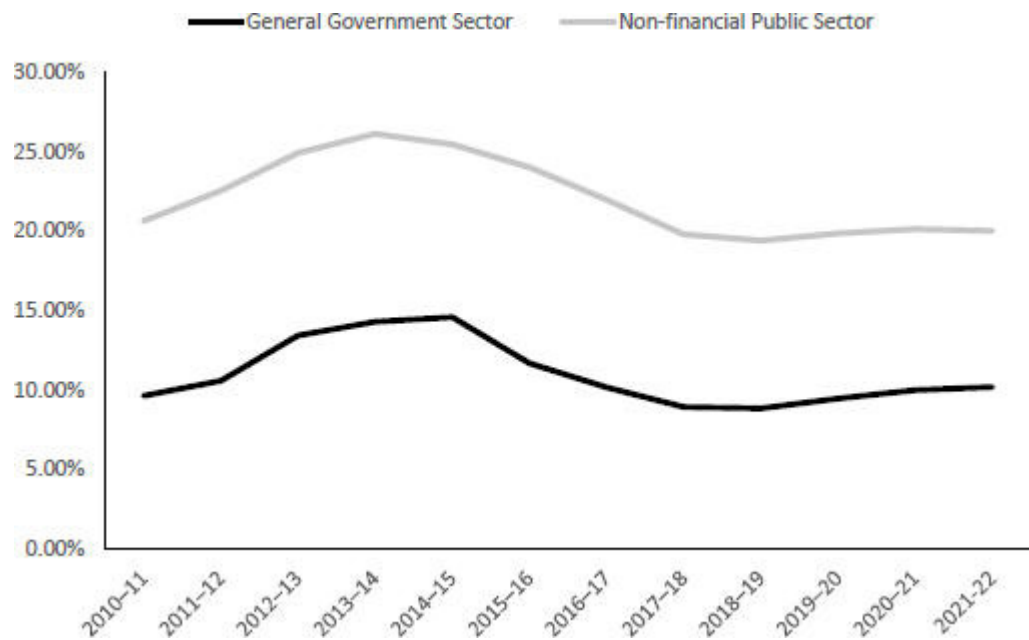
Avoiding recession also saw Queensland avoid the economic and social effects of very high and sustained unemployment, with the State’s trend unemployment rate remaining below 6% through to late-2012.

Queensland is currently benefiting from the sustained levels of investment that occurred over the past decade, as discussed in Box 3.1.

The debt accumulated over this time was not wasted by governments, but was invested for the future benefit of Queensland, much of which is already being realised. This approach is consistent with fiscal sustainability principles which seek to spread the burden of public spending fairly across generations, with public consumption benefiting the current generation being paid for by that generation. This approach ensures intergenerational equity, with the debt associated with an investment repaid over the life of the asset or term of benefit received from the investment.

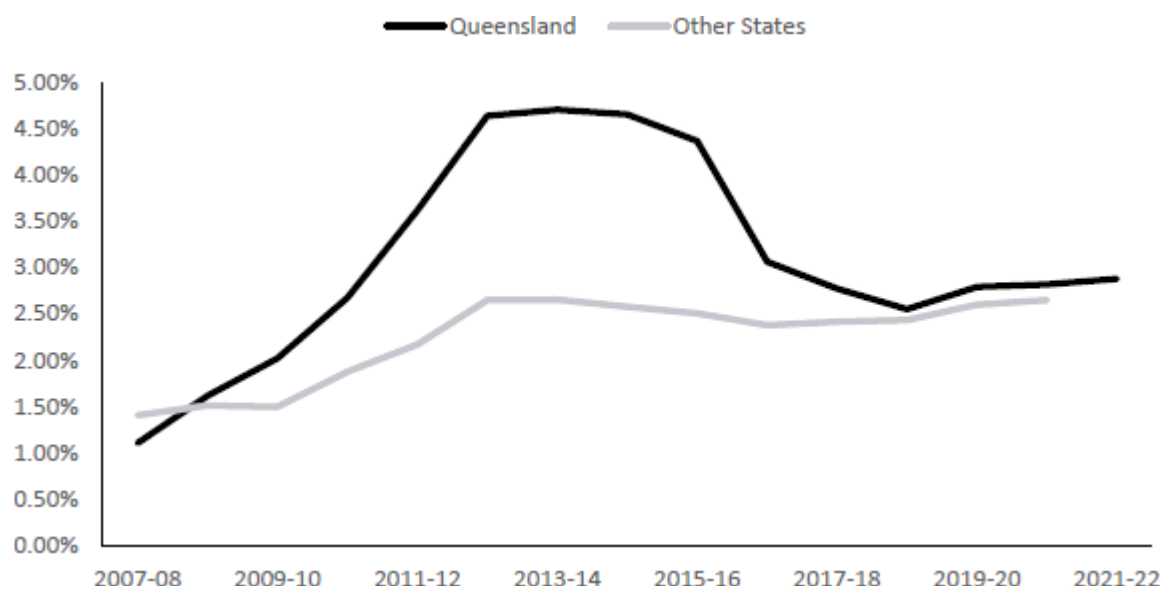
Chart 3.5 shows the ratio of borrowings to gross state product (GSP), that is, the amount of debt as compared to the state’s total output.

Chart 3.5 Borrowings to gross state product ratio



An alternative way of assessing the appropriateness of debt levels is to consider the State’s capacity to service its borrowing costs, that is, interest payments as a proportion of revenue (as shown in Chart 3.6). This concept can be likened to a person assessing their ability to service an interest only loan.

Chart 3.6 General Government Sector – interest expense to total revenue¹



Note:

1. Average for other states not provided for 2021-22 as not all states have released their 2018-19 Budgets.

Queensland’s ratio is projected to remain relatively flat across the forward estimates, and is only marginally higher than the average in other states.

General Government Sector net worth, which is the difference between assets and liabilities, is \$200 billion, and continues to increase across the forward estimates, reflecting the State’s investment in additional assets.

Fiscal principles supporting liabilities management

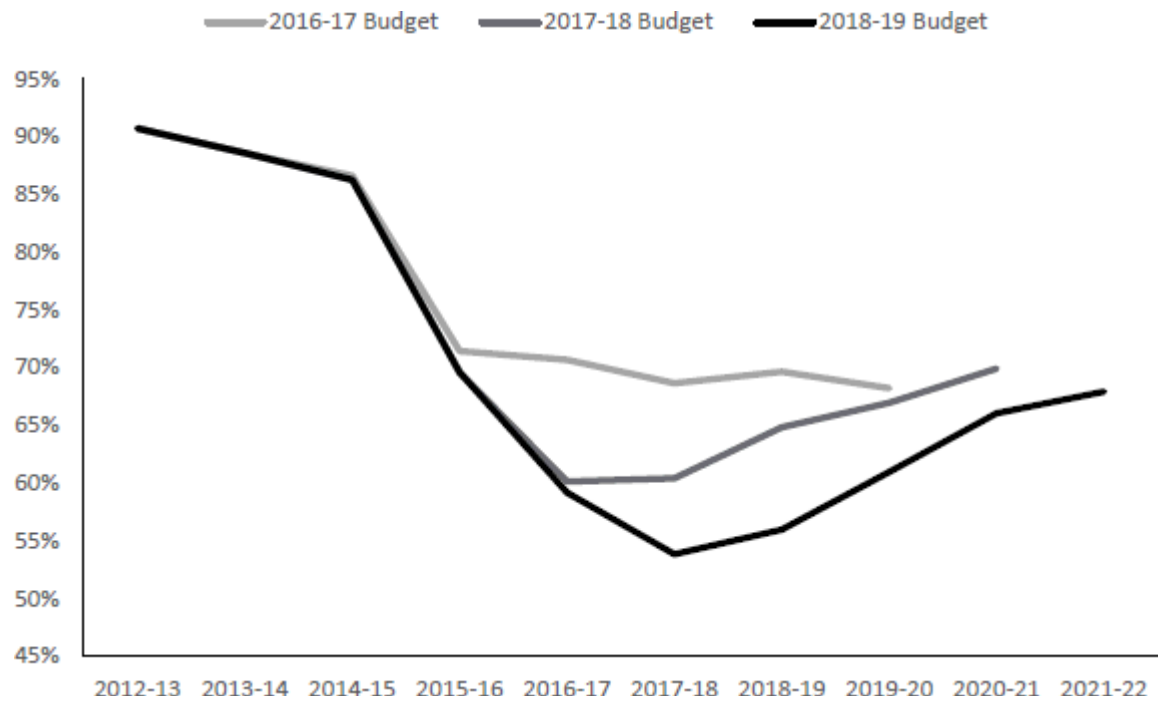
A primary fiscal principle of the Queensland Government has been to reduce General Government Sector debt, to provide the Government with the capacity to respond to market and environmental shocks.

The debt to revenue measure ratio is the key measure of the sustainability of General Government Sector debt levels. The Government aims to reduce this ratio over time to continue to improve the State’s fiscal sustainability.

The General Government Sector’s debt to revenue ratio has fallen substantially over the period to 2017-18 in each successive budget since 2014-15, as seen in Chart 3.7. The debt to revenue ratio for 2017-18 falls to 54%, significantly lower than the 91% in 2012-13.

Across the forward estimates, the expected moderation in revenue growth, as well as the timing of significant capital projects and associated borrowings, sees a gradual increase in the forecast debt to revenue ratio to 2020-21. On average over the budget and forward estimates, the debt to revenue ratio is 63%, well below the four years to 2019-20 forecast in the 2016-17 Budget.

Chart 3.7 General Government Sector debt to revenue ratio



The Government also remains committed to maintaining the long-standing practice of ensuring that the State sets aside assets to meet long-term liabilities such as superannuation and WorkCover, in accordance with actuarial advice.

The State Actuary’s most recent valuations indicate that, as at 30 June 2017, both the defined benefit superannuation scheme and the WorkCover scheme were fully funded.

3.4 Achievement of fiscal principles

Table 3.4 provides a summary of the Government’s progress in meeting its fiscal principles’ targets.

Table 3.4 The fiscal principles of the Queensland Government

Principle	Indicator		
	General Government debt to revenue ratio		
		2017-18 MYFER %	2018-19 Budget %
Target ongoing reductions in Queensland’s relative debt burden, as measured by the General Government debt to revenue ratio.	2017-18	58	54
	2018-19	60	56
	2019-20	63	61
	2020-21	66	66
	2021-22	n.a.	68
Target net operating surpluses that ensure any new capital investment in the General Government Sector is funded primarily through recurrent revenues rather than borrowing.	General Government net operating cash flows as a proportion of net investments in non-financial assets		
		2017-18 MYFER %	2018-19 Budget %
	2017-18	69	99
	2018-19	49	60
	2019-20	40	40
	2020-21	53	44
	2021-22	n.a	53
The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging.	General Government purchases of non-financial assets		
		2017-18 MYFER \$ million	2018-19 Budget \$ million
	2017-18	4,965	4,905
	2018-19	6,626	5,927
	2019-20	7,486	7,557
	2020-21	6,910	7,396
	2021-22	n.a.	7,081

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Principle	Indicator	
Maintain competitive taxation by ensuring that General Government Sector own-source revenue remains at or below 8.5% of nominal gross state product, on average, across the forward estimates.	General Government own-source revenue to GSP	
	2018-19	8.2%
Target full funding of long-term liabilities such as superannuation and WorkCover in accordance with actuarial advice.	Average across the forward estimates	8.0%
	As at the last actuarial review (as at June 2017), accruing superannuation liabilities were fully funded. The WorkCover scheme was also fully funded as at 30 June 2017.	
Maintain a sustainable public service by ensuring that overall growth in full-time equivalents (FTE) employees, on average over the forward estimates, does not exceed population growth.	<i>FTE growth</i>	
	Average across the forward estimates	1.7%
	<i>Population growth</i>	
	Average across the forward estimates	1¾%

4 Revenue

Features

- Total General Government Sector revenue is estimated to be \$58.259 billion in 2017-18, \$2.065 billion (or 3.7%) higher than in 2016-17 and \$2.390 billion (or 4.3%) higher than estimated in the 2017-18 Budget. Higher than budgeted revenue growth in 2017-18 is due to increased revenue from royalties resulting from higher coal prices and increased GST and other revenue from the Australian Government.
- Australian Government payments to Queensland in 2018-19 are expected to total \$27.411 billion, representing a decrease of \$694 million compared to payments in 2017-18.
- Total General Government Sector revenue is estimated to be \$57.738 billion in 2018-19. The decrease of \$521 million (or 0.9%) from 2017-18 is largely due to reduced Australian Government grants and lower dividend and income tax equivalent income.
- Total revenue is expected to grow at an average rate of 2.1% over the five years to 2021-22. Revenue growth over this period is supported by average annual growth in taxation of 5.3% and current grants of 3.0% but is also affected by declining royalties as coal prices return to medium-term levels, lower interest income due to a reduction in the portfolio of financial assets held and lower dividends.
- Queensland will maintain its competitive tax status, with per capita state tax estimated at \$2,808 in 2018-19, compared to an average of \$3,683 for the other states and territories. Taxation as a proportion of Queensland’s economy will be 3.9% in 2018-19, down from the five-year peak of 4.3% in 2014-15.
- The Government will introduce a Waste Disposal Levy of \$70 per tonne from the first quarter of 2019, as part of a comprehensive waste management strategy.
- The payroll tax rebate for apprentices and trainees will continue at the increased rate of 50% for an additional 12 months, until 30 June 2019.
- New revenue measures to fund election commitments were announced in the 2017-18 MYFER and include a 0.5% increase to the land tax rate above \$10 million, increased Additional Foreign Acquirer Duty from 3% to 7%, increased duty for premium light passenger vehicles valued above \$100,000 and a 15% point of consumption tax on betting operators.

4.1 2017-18 estimated actual

General Government Sector revenue in 2017-18 is estimated to be \$58.259 billion, which is \$2.390 billion (or 4.3%) more than the 2017-18 Budget estimate. Significant variations from the 2017-18 Budget estimates include:

- a \$1.012 billion (or 29.2%) increase in revenue from royalties and land rents, mainly resulting from higher coal prices continuing for longer than expected in the 2017-18 Budget
- a \$851 million (or 3.1%) increase in grants, driven by increased GST due to a larger GST pool, and other revenue from the Australian Government, partially offset by lower than anticipated capital grants
- a \$629 million (or 30.6%) increase in dividend and income tax equivalent income, supported by increased earnings from electricity generation and network businesses. Queensland’s ownership of its electricity assets enables the Government to reinvest dividends to improve affordability through the Affordable Energy Plan.

These increases were partially offset by lower than estimated revenue from sales of goods and services.

Table 4.1 General Government Sector revenue¹

	2016-17 Actual \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Taxation revenue	12,919	13,298	13,284	14,155	15,184	15,951	16,722
Sales of goods and services	5,642	6,067	5,861	5,731	5,947	6,074	6,306
Interest income	2,336	2,330	2,323	2,201	2,078	1,861	1,855
Grants revenue							
Current grants	24,540	25,299	26,583	26,001	26,189	27,059	28,402
Capital grants	2,843	2,332	1,898	1,700	1,967	2,002	1,985
Dividend and income tax equivalent income							
Dividends	1,693	1,453	1,877	1,552	1,407	1,293	1,229
Income tax equivalent income	997	604	809	666	669	617	558
Other revenue							
Royalties and land rents	4,000	3,472	4,484	4,615	4,260	3,904	4,011
Other	1,222	1,015	1,139	1,118	1,135	1,178	1,202
Total revenue	56,194	55,869	58,259	57,738	58,835	59,939	62,269

Note:

1. Numbers may not add due to rounding.

4.2 2018-19 revenue by category

General Government Sector revenue in 2018-19 is estimated to be \$57.738 billion, \$521 million (or 0.9%) lower than the 2017-18 estimated actual revenue of \$58.259 billion. The revenue reduction in 2018-19 reflects a range of factors, including:

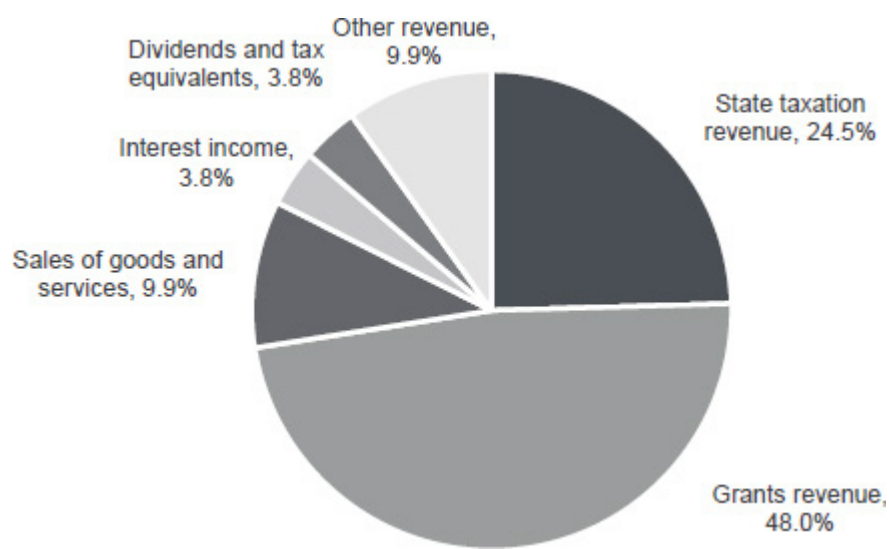
- Revenue from the Australian Government is expected to be \$694 million lower in 2018-19 than in 2017-18, due to a decline in Queensland’s GST revenue sharing relativity and reduced payments for specific purposes.
- Dividends and income tax equivalent income are forecast to be \$469 million lower in 2018-19. Further information on these revenues can be found in Chapter 8.

Partially offsetting these decreases are moderate growth in taxation revenue (6.6%), supported by growth in the payroll tax and land tax base and new policy measures including the Waste Disposal Levy.

After increasing 11.6% in 2017-18, royalties are expected to increase 2.8% in 2018-19. While coal royalties are expected to decline 6.5% in 2018-19 due to declining hard coking coal prices, this reduction is expected to be offset by increased revenue from petroleum (including LNG) and other minerals. Trends in factors affecting royalty revenue are discussed in section 4.7.

Major sources of General Government Sector revenue in 2018-19 are grants revenue (48.0%) and taxation revenue (24.5%). Table 4.1 details revenue estimates by category, and Chart 4.1 illustrates the composition of General Government Sector revenue.

Chart 4.1 Revenue by operating statement category, 2018-19¹



Notes:

1. Numbers may not add due to rounding.
2. The major component of other revenue is royalties and land rents (8.0% of total revenue)

4.3 2018-19 Budget initiatives

4.3.1 Extension of increased payroll tax rebate for apprentices and trainees

The Government is continuing the payroll tax rebate on the wages of apprentices and trainees at the increased rate of 50% until 30 June 2019. This rebate is in addition to their wages being exempt and will be used as an offset against payroll tax payable on the wages of other employees.

The rebate extension is estimated to reduce revenue by \$26 million in 2018-19.

4.3.2 Waste Disposal Levy

The Government is committed to developing a comprehensive waste management strategy with a key component being the implementation of a Waste Disposal Levy. The levy will improve recycling outcomes and address interstate transportation of waste to Queensland.

The Waste Disposal Levy will commence in the first quarter of 2019 and will initially be set at \$70 per tonne (higher for regulated waste) and increase by \$5 per tonne per annum.

4.3.3 2017-18 MYFER measures

The 2017-18 MYFER outlined new revenue measures, including:

- a 0.5% increase in the land tax rate for aggregated holdings above \$10 million
- an increase in Additional Foreign Acquirer Duty (AFAD) from 3% to 7%
- an increase of \$2 per \$100 of dutiable value for premium light passenger vehicles
- a 15% point of consumption tax on the net wagering revenue of betting operators licenced in Australia from bets placed in Queensland.

Land tax, AFAD and motor vehicle duty measures will apply from 1 July 2018. The point of consumption betting tax will apply from 1 October 2018, and is discussed further in section 4.5.4.

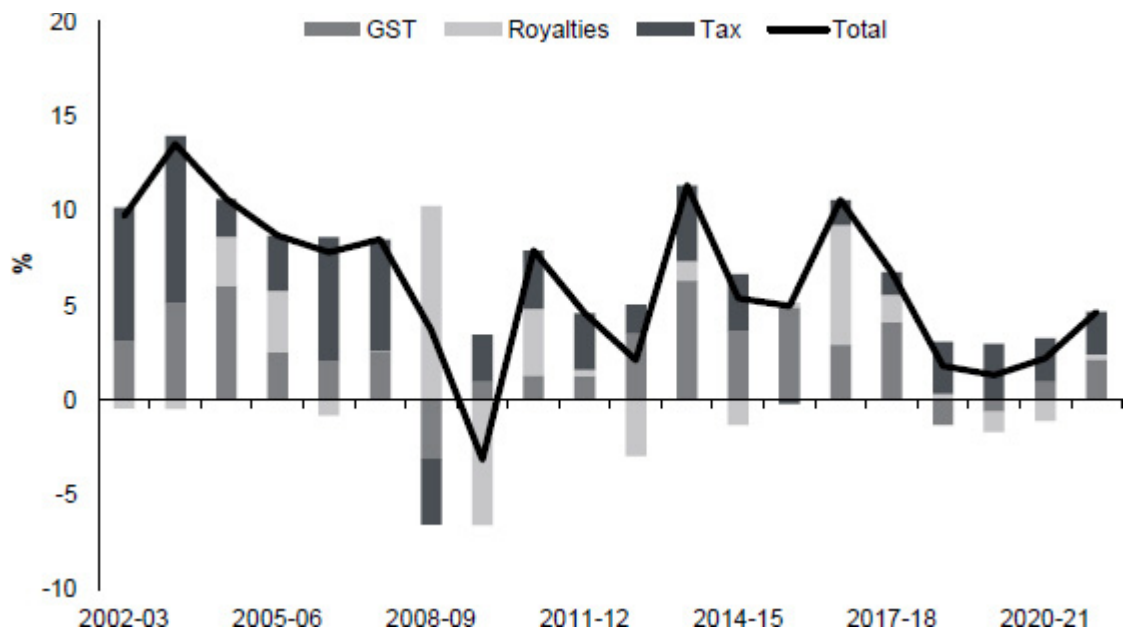
Further detail on these measures, including expected additional revenue, is included in Budget Paper 4 *Budget Measures*.

4.4 Queensland’s revenue trends

Chart 4.2 examines the contribution of the key revenue sources of GST, taxation and royalties to revenue growth. GST was the largest driver of growth in 2017-18, due to increases in both the GST pool distributed to states and Queensland’s share of the pool as determined by the Commonwealth Grants Commission. In 2018-19, taxation revenue contributes the largest proportion to growth, with a smaller increase to royalties expected as increasing petroleum royalty revenue is partially offset by decreasing coal royalties. Lower GST revenue is expected in 2018-19 compared to 2017-18, due to Queensland receiving a reduced share of the GST pool.

Total revenue growth, which is mainly driven by these three sources, is estimated to be 2.1% on average over the five years to 2021-22. This is far lower than the 7.6% average growth over the last fifteen years to 2016-17.

Chart 4.2 Contribution to growth of key revenues¹



Note:

1. Annual percentage point contribution to growth of the aggregate of three categories (GST, royalties and taxes). Total is the annual % growth in revenues of the aggregate of the three categories.

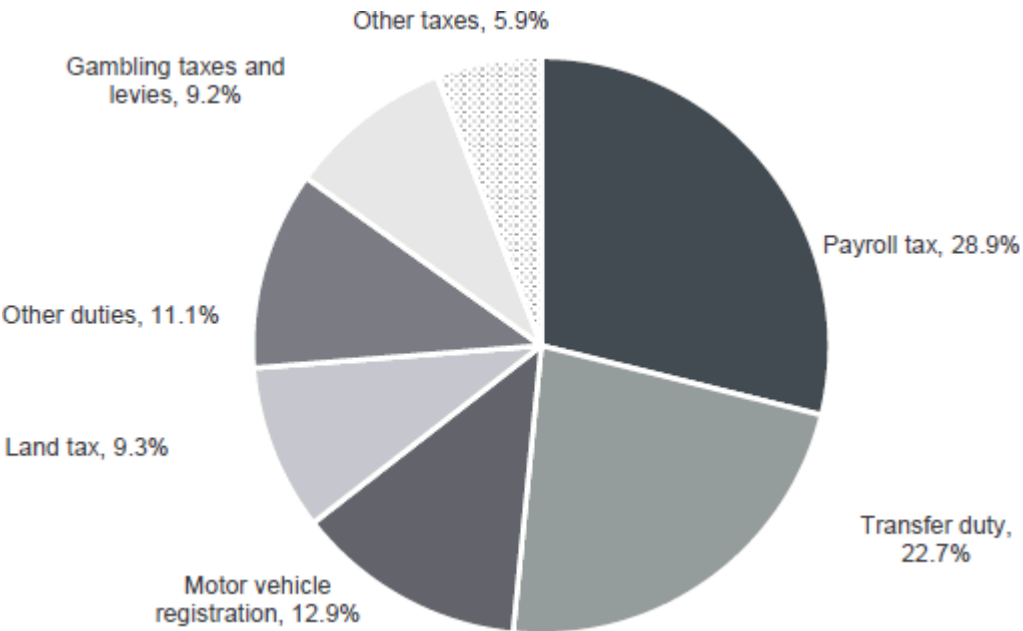
Total revenue growth over the forward estimates is mainly driven by moderate taxation revenue growth, averaging 5.3% over the five years to 2021-22, supported by expected growth in major taxes such as payroll tax, transfer duty and land tax, and also by the introduction of the Waste Disposal Levy. Taxation revenue as a proportion of Queensland’s economy will remain stable over this period rising only slightly from 3.9% in 2018-19 to 4.0% in each year to 2021-22, below the recent peak of 4.3% in 2014-15.

Total royalty revenue is expected to decline in 2019-20 and 2020-21 in line with declining coal prices. GST revenue increased by 9.1% in 2017-18, but is expected to decline in 2018-19 and 2019-20 due to Queensland’s share of the GST pool reducing, with modest growth forecast from 2020-21 as the GST pool increases. Over the four years to 2021-22, GST revenue growth is expected to average 0.8% per year.

4.5 Taxation revenue

Total revenue from taxation is expected to grow by 6.6% in 2018-19, following an estimated increase of 2.8% in 2017-18. Chart 4.3 indicates the composition of estimated State taxation revenue for 2018-19. The largest sources are payroll tax and transfer duty, which together represent around 52% of the State’s total taxation revenue in 2018-19.

Chart 4.3 State taxation by tax category, 2018-19¹



Note:

1. Percentages may not add to 100% due to rounding. ‘Other duties’ includes vehicle registration duty, insurance duty and other minor duties. ‘Other taxes’ includes the Emergency Management Levy, Waste Disposal Levy, guarantee fees and other minor taxes.

Table 4.2 shows the main components of taxation revenue.

Table 4.2 State taxation revenue¹

	2016-17 Actual \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Payroll tax	3,695	3,887	4,086	4,312	4,574	4,850
Duties						
Transfer	3,278	3,090	3,214	3,396	3,578	3,768
Vehicle registration	514	543	592	621	651	682
Insurance ²	854	900	945	992	1,042	1,094
Other duties ³	37	34	35	37	39	40
Total duties	4,684	4,567	4,786	5,046	5,309	5,584
Gambling taxes and levies						
Gaming machine tax	684	718	750	784	819	819
Health Services Levy	73	85	93	103	113	124
Lotteries taxes	241	258	266	274	282	291
Betting taxes ⁴	10	10	71	96	99	101
Casino taxes and levies	98	103	106	109	113	113
Keno tax	20	20	21	21	22	23
Total gambling taxes and levies	1,127	1,194	1,307	1,388	1,448	1,471
Other taxes						
Land tax	1,082	1,183	1,313	1,368	1,433	1,512
Motor vehicle registration	1,681	1,755	1,829	1,892	1,961	2,032
Emergency Management Levy	484	509	536	559	583	609
Waste Disposal Levy	—	—	101	406	408	408
Guarantee fees ⁵	115	139	150	165	186	206
Other taxes ⁶	52	51	48	49	50	51
Total taxation revenue	12,919	13,284	14,155	15,184	15,951	16,722

Notes:

1. Numbers may not add due to rounding.
2. Includes duty on accident insurance premiums.
3. Includes duty on life insurance premiums.
4. Does not account for allocation of proceeds subject to commercial-in-confidence negotiations, for example, the quantum of compensation to Racing Queensland for impacts from implementation of the betting tax.
5. Includes competitive neutrality fees charged to government-owned corporations.
6. Includes the Statutory Insurance Scheme Levy and Nominal Defendant Levy.

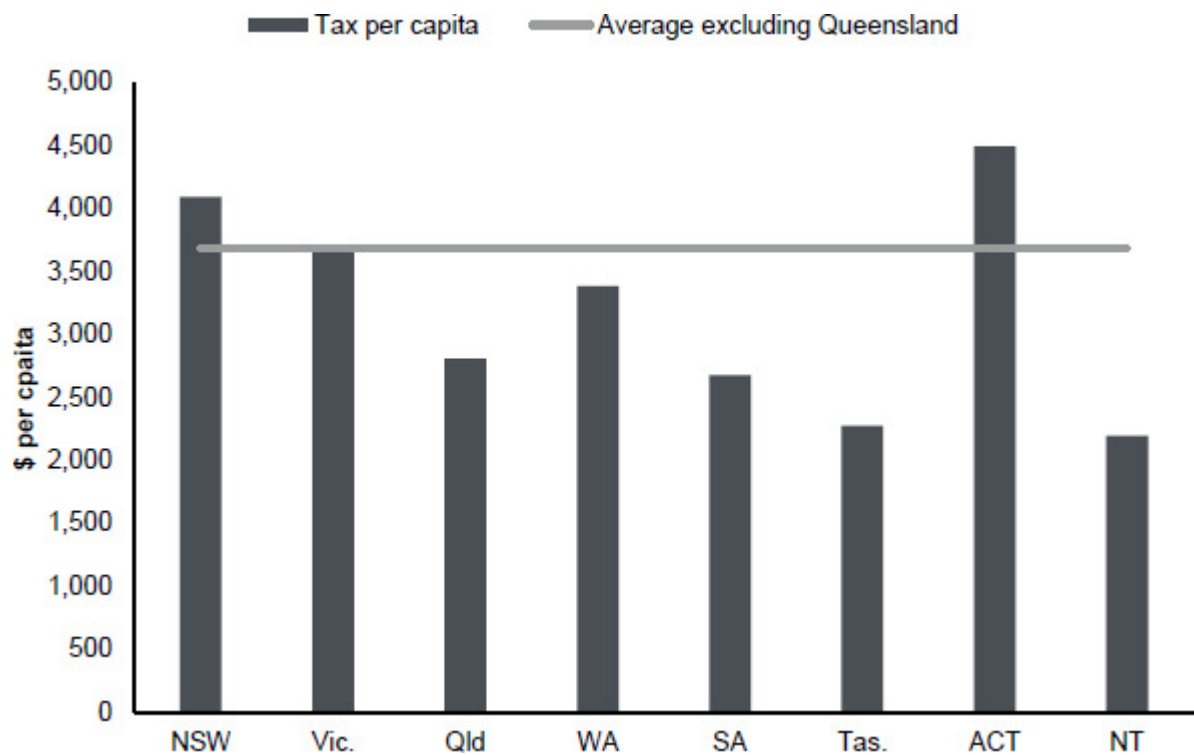
4.5.1 Queensland’s competitive tax status

Taxation can impact on business decisions regarding investment and employment, and also household investment and home ownership. Maintaining the competitiveness of Queensland’s tax system provides a competitive advantage to business and moderates the tax burden for its citizens, and is therefore fundamental to the Government’s commitment to job creation and sustainable development.

One of the Government’s fiscal principles is to maintain competitive taxation by ensuring General Government Sector own-source revenue remains at or below 8.5% of nominal gross state product (GSP), on average, across the forward estimates. Own-source revenue is the total State revenue less any grants received from external sources, mainly the Australian Government. This principle is expected to be met over the forward estimates period, with own-source revenue below 8.5% of GSP. Chapter 3 provides more detail on the Government’s fiscal principles.

As Chart 4.4 shows, taxation per capita in Queensland is significantly lower than the average taxation per capita in the other states and territories. In 2018-19, it is estimated that Queensland’s taxation per capita of \$2,808 will be \$875 per capita less than the average of other jurisdictions.

Chart 4.4 Taxation per capita, 2018-19



Sources: 2018-19 Budget for all jurisdictions except New South Wales, South Australia and Tasmania where 2017-18 mid-year updates are used. Population estimates from the 2018-19 Commonwealth Budget.

Table 4.3 demonstrates that the Queensland tax system remains amongst the most competitive in Australia, using various measures of tax competitiveness.

Queensland’s tax effort, as measured by the Commonwealth Grants Commission, was 14.9% below the national average in 2016-17. A third measure of competitiveness, taxation as a share of GSP, also confirms that Queensland’s taxes are competitive with other states.

Table 4.3 Queensland’s tax competitiveness

	NSW	Vic.	Qld	WA	SA	Tas. ⁴	ACT ⁵	NT ⁴	Avg ⁶
Taxation per capita ¹ (\$)	4,090	3,686	2,808	3,382	2,674	2,277	4,518	2,198	3,683
Taxation effort ² (%)	103.9	105.0	85.1	102.4	102.8	89.3	97.3	84.2	100.0
Taxation % of GSP ³ (%)	5.4	5.3	4.0	3.4	4.3	3.8	4.4	2.3	4.9

Notes:

1. 2018-19 data. Sources: 2018-19 Budget for all jurisdictions except New South Wales, South Australia and Tasmania, where 2017-18 mid-year updates are used. Population data from Commonwealth 2018-19 Budget.
2. 2016-17 data. Source: Commonwealth Grants Commission 2018 Update – total tax revenue effort for assessed taxes (payroll, transfer duty, land tax, insurance duty and motor vehicle taxes). Revenue raising effort ratios are an indicator of the extent to which governments burden their revenue bases.
3. 2016-17 data. Sources: *Australian Bureau of Statistics 5506.0 and ABS 5220.0*.
4. Low taxation per capita primarily reflects the lower revenue raising capacity of those jurisdictions.
5. Figures include municipal rates.
6. Weighted average of states and territories, excluding Queensland (aside from taxation effort, which is the average of all states).

4.5.2 Payroll tax

The overall payroll tax rate of 4.75% is the lowest in Australia and the exemption threshold of \$1.1 million is the highest threshold of any mainland state. Queensland employers with total yearly Australian taxable wages between \$1.1 million and \$5.5 million also obtain a partial deduction, with the deduction withdrawn at a rate of \$1 in every \$4 of taxable wages.

In addition to the wages of eligible apprentices and trainees being exempt from payroll tax, a 25% payroll tax rebate was applied to these wages from 1 July 2015. To offer an added incentive for businesses to employ apprentices and trainees, the rebate was increased to 50% from 1 July 2016 to 30 June 2018. In this Budget, the increased rebate has been extended a further 12 months, and will provide additional support to businesses employing apprentices and trainees to 30 June 2019.

Payroll tax collections are estimated to be \$4.086 billion in 2018-19, representing growth of 5.1% on 2017-18. The 2017-18 estimated actual is 1.8% higher than forecast in the 2017-18 Budget, with key sectors such as construction, manufacturing and mining and associated industries contributing to growth for the first time in two years.

The average annual payroll tax growth is forecast to be 5.6% over the five years to 2021-22, compared to the average of 7.8% over the period from 2001-02 to 2016-17.

4.5.3 Duties

Duties are levied on a range of financial and property transactions. The major duties include transfer, vehicle registration and insurance duties.

Transfer duty

Transfer duty is charged at various rates on the transfer of real and business property. The Queensland Government offers extensive concessions for the transfer of land where the property is purchased as a home. For example, eligible home buyers pay a 1% concessional rate on dutiable values up to \$350,000, rather than the normal schedule of rates between 1.5% and 3.5% for those values. If a first home buyer purchases a property up to \$500,000 they will pay no duty, with reduced rates available up to \$550,000.

Revenue from transfer duty is expected to be 4.0% higher in 2018-19 than in 2017-18. This follows a fall of 5.7% in 2017-18 that was largely due to a reduction in large non-residential transactions. Growth in 2018-19 is expected to be driven by modest growth in residential and non-residential transactions and the 1 July 2018 rate increase for additional foreign acquirer duty.

Over the five years to 2021-22, transfer duty is estimated to grow by 2.8% on average per annum.

Vehicle registration duty

Vehicle registration duty is charged on the dutiable value of a motor vehicle on the transfer or initial registration, with a general rate of 2% to 4% dependent on the number of cylinders or rotors of the vehicle. From 1 July 2018, an additional \$2 per \$100 of dutiable value will be applied for vehicles valued above \$100,000.

Revenue from vehicle registration is expected to grow by 9.1% in 2018-19 following growth of 5.6% in 2017-18, with the higher growth due to the introduction of the premium motor vehicle duty from 1 July 2018.

4.5.4 Gambling taxes and levies

A range of gambling activities are subject to State taxes and levies. Total gambling tax and levy collections are estimated to grow by 9.5% in 2018-19, and 5.5% on average over the five years to 2021-22, with these growth rates supported by increased revenue from the new point of consumption tax on betting (betting tax).

Responding to changing consumer behaviour facilitated by increased use of online and interactive technologies, a 15% betting tax will apply from 1 October 2018. The revised date for commencement allows for industry preparation for commencement of the tax, post enactment. Forecasts as at the 2017-18 MYFER were based on the betting tax applying to online wagering only and before allocation of proceeds. Some of these allocations are subject to commercial-in-confidence discussions/negotiation.

The betting tax will be implemented in line with other states and territories including South Australia, Victoria, and the Australian Capital Territory. As such, the tax will apply to the net wagering revenue of betting operators licensed in Australia from bets placed by customers in Queensland. This change, and the gross revenue amount excluding allocations of proceeds subject to commercial-in-confidence discussions/negotiation, account for the increased gross revenue from this tax since the 2017-18 MYFER.

Smaller betting operators will not incur a betting tax liability as the rate of 15% applies to taxable wagering revenue exceeding an annual tax-free threshold amount of \$300,000. No tax will be paid on a betting operator’s revenue up to and including \$300,000 in a financial year. Reconciliation against the threshold in the annual return, and refund provisions for any overpayment, will ensure this. In 2018-19 there will be a proportionate reduction of the tax-free threshold to reflect the 1 October commencement. The new point of consumption betting tax replaces the existing place of supply wagering tax that applied only to the sole retail wagering licensee in Queensland.

4.5.5 Land tax

Land tax is levied on the taxable value of the landowner’s aggregated holdings of freehold land owned in Queensland as at midnight on 30 June each year. The principal place of residence is deducted from the value.

Resident individuals are generally liable for land tax if the total taxable value of the freehold land owned by that person as at 30 June is equal to or greater than \$600,000. Companies, trustees and absentees are liable for land tax if the total taxable value of the freehold land owned as at 30 June is equal to or greater than \$350,000.

Land tax is estimated to grow by 11% to \$1.313 billion in 2018-19, largely due to the new marginal tax rate on land holdings above \$10 million from 1 July 2018, along with growth in land values in recent years.

4.5.6 Tax expenditures

Tax expenditures are reductions in tax revenue that result from the use of the tax system as a policy tool to deliver Government policy objectives. Tax expenditures are provided through a range of concessions, including tax exemptions, reduced tax rates, tax rebates, tax deductions and provisions which defer payment of a tax liability to a future period. Appendix B provides details of tax expenditure arrangements currently provided by the Queensland Government.

4.6 Grants

Grants revenue is comprised of Australian Government grants, grants from the community and industry, and other miscellaneous grants. The 2.7% decline in grants revenue in 2018-19 is driven by a decline in GST revenue and payments for specific purposes from the Commonwealth.

Table 4.4 Grants revenue¹

	2016-17 Actual \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Current grants						
GST revenue	13,939	15,210	14,794	14,598	14,946	15,699
Other Australian Government grants	10,302	11,066	10,950	11,333	11,862	12,454
Other grants and contributions	299	307	257	258	251	249
Total current grants	24,540	26,583	26,001	26,189	27,059	28,402
Capital grants						
Australian Government grants	2,742	1,828	1,667	1,957	1,993	1,935
Other grants and contributions	101	70	33	10	9	50
Total capital grants	2,843	1,898	1,700	1,967	2,002	1,985
Total Australian Government ²	26,983	28,105	27,411	27,888	28,802	30,088
Total grants revenue	27,383	28,481	27,701	28,156	29,062	30,387

Notes:

1. Numbers may not add due to rounding.
2. Queensland Treasury estimates. Differs from Chapter 7 due to the inclusion of direct Australian Government payments to Queensland agencies for Commonwealth own purpose expenditure.

4.6.1 Australian Government payments

Australian Government payments to Queensland in 2018-19 are expected to total \$27.411 billion, representing a decrease of \$694 million compared to payments in 2017-18. This decrease is made up of a \$415 million (2.7%) decrease in GST revenue and a \$278 million (2.2%) decrease in total payments for capital and other Australian Government grants.

The decline in GST revenue is due to Queensland receiving a reduced share of the GST pool in 2018-19, based on Commonwealth Grants Commission recommendations. The decrease in payments for specific purposes is mainly due to lower national partnership (NP) payments, particularly the cessation of the National Partnership on Remote Housing.

Chapter 7 provides detailed background on federal-state financial arrangements, including Queensland’s share of GST revenue and other Australian Government payments to Queensland.

4.6.2 Other grants and contributions

Other grants and contributions are funds received from other state and local government agencies, other bodies and individuals. Contributions exclude Australian Government grants and user charges. The main sources of contributions are those received from private enterprise and community groups to fund research projects and community services and contributed assets and goods and services received for a nominal amount.

4.7 Royalty revenue

The State earns royalties from the extraction of coal, base and precious metals, bauxite, petroleum and gas, mineral sands and other minerals. Royalties ensure some of the proceeds of the extraction of non-renewable resources are returned to the community. Land rents are also earned from pastoral holdings, and mining and petroleum leases. Royalties and land rents are detailed in Table 4.5.

Table 4.5 Royalties and land rents¹

	2016-17 Actual \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Coal	3,405	3,768	3,522	3,135	2,774	2,866
Petroleum ²	98	188	447	446	438	450
Other royalties ³	376	371	479	506	515	506
Land rents	122	157	167	172	178	189
Total	4,000	4,484	4,615	4,260	3,904	4,011

Notes:

- 1. Numbers may not add due to rounding.
- 2. Includes CSG.
- 3. Includes base and precious metals and other minerals royalties.

The largest factor affecting upwards revisions to royalties since the 2017-18 Budget is the continued strength in the hard coking coal price, resulting in a significant uplift to price assumptions across 2018-19 and a more gradual return to a medium-term price assumption. While royalty revenue estimates in the 2017-18 MYFER were based on an expectation the hard coking coal price would decline from the end of 2017, prices increased further in the first few months of 2018 before declining on average between March and May 2018. Prices are expected to continue to progressively decline to a medium-term price of \$US130/t.

There is a high degree of uncertainty associated with estimates of commodity prices, which can have significant impacts on royalty revenue. Risks to coal export volumes also have the potential to impact royalty estimates, though changes to export volumes may in turn impact prices. Specific risk factors are considered in developing forecasts and include the level of exposure of mining operations to the risk of natural disasters and the timing of scheduled maintenance for the rail network and ports. For 2018, the potential for reduced throughput over the Aurizon Network following the economic regulator’s draft decision on the 2017 Draft Access Undertaking is also a consideration, although any impact is not expected to be significant and coal exports are expected to be higher overall in 2018-19. Appendix C outlines the sensitivity of coal royalty estimates to individual changes in price, volume and exchange rate parameters.

At the same time, the contribution of royalties to overall revenue growth and volatility is limited by its quantum. Royalties make up 7.7% of total revenue in 2018-19, compared to 24.5% for state taxes and 25.6% for GST.

Royalty revenue exceeded the previous 2008-09 peak for the first time in 2016-17, and increased by a further 11.6% in 2017-18 as coal prices remained strong and petroleum (including LNG) royalties increased.

While royalties are expected to grow modestly in 2018-19, a gradual decline of 3.1% is expected per year on average over the four years to 2021-22. While the coal price is expected to decline 9.9% per year on average as it returns to medium-term levels, total royalties are expected to be supported by growth in other factors, such as coal volumes and stronger petroleum revenue from increased Brent oil prices.

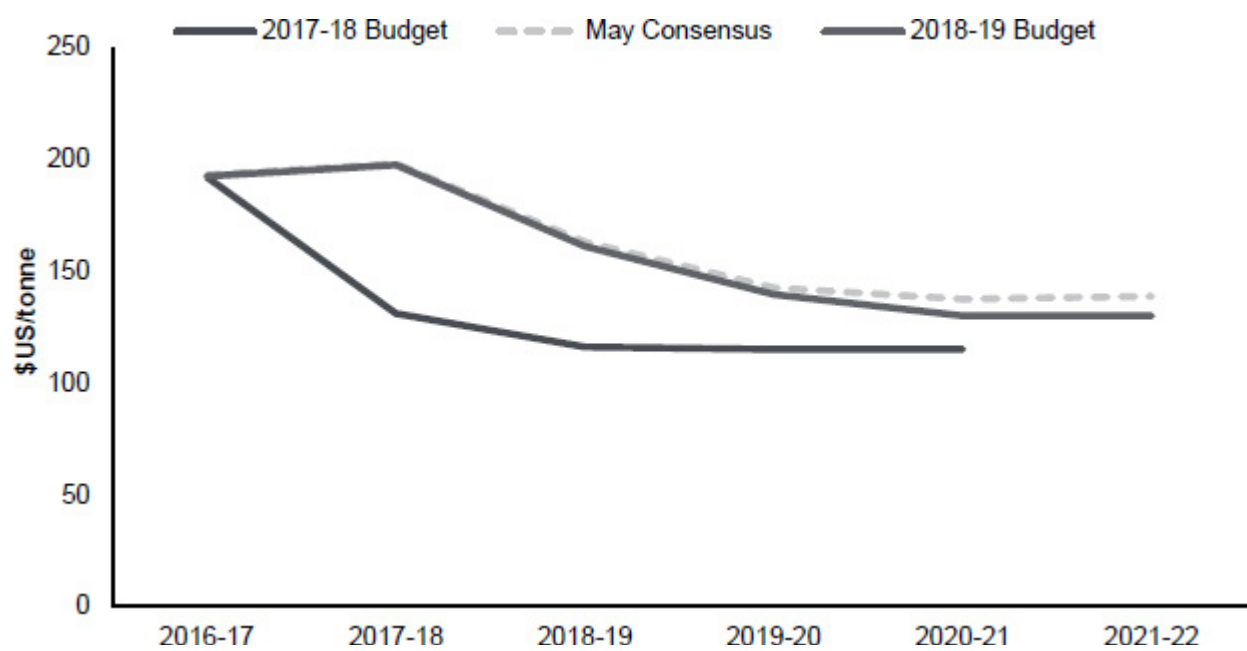
Assumptions underlying the royalty estimates, and the sensitivity of royalty estimates to changes in the assumptions are contained in Appendix C.

4.7.1 Coal Royalties

Chart 4.5 shows coking coal price forecasts compared to the 2017-18 Budget and average quarterly price from the latest Consensus Economics forecasts. Consensus Economics is a monthly survey of more than 40 energy and metals analysts outlining their price forecasts for a range of commodities. The Australian Government’s 2018-19 Budget assumed that the coking coal spot price would fall over the June and September quarters of 2018 to reach US\$120 per tonne by the December 2018 quarter.

Revisions since the 2017-18 Budget are in line with Consensus Economics forecasts in the next few years, with a degree of conservatism in the medium-term.

Chart 4.5 Coking coal price forecasts by iteration¹

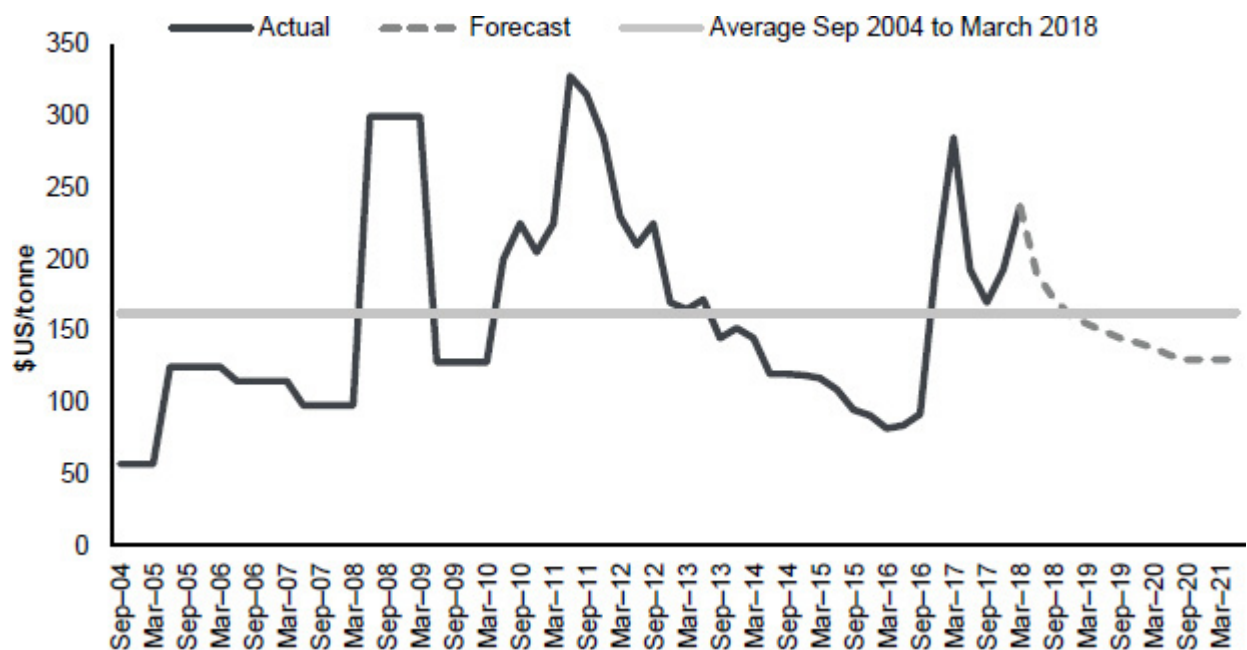


Sources: Queensland State Budget 2017-18 and 2018-19 and Consensus Economics Energy and Metals May 2018.

Hard coking coal prices increased sharply in the second half of 2016, driven by factors such as a program of rationalisation for China’s coal production, as well as logistical bottlenecks and seaborne supply constraints. Across 2017, coal prices remained above the historical average shown in Chart 4.6 but displayed moderate volatility, declining rapidly in the early months of 2017 but increasing again following Severe Tropical Cyclone Debbie. While strengthening global economic conditions are supporting a continued strength in coal prices during 2018, royalty forecasts incorporate a gradual decline in coal prices to \$US130/t by 2020-21.

On a year average basis, the premium hard coking coal price is estimated to increase 2.6% in 2017-18 to \$US198 per tonne, and is expected to decline 18.5% to \$US161 per tonne in 2018-19.

Chart 4.6 Coking coal price



Source: Consensus Economics and Queensland Treasury.

4.7.2 Petroleum royalties

Oil prices factor strongly into royalty forecasts, with most of the LNG produced in Queensland sold under long-term contracts linked to oil prices. Since the 2017-18 Budget, estimates of Brent oil prices have been revised up by 28.8% to \$US73 per barrel on average in 2018-19. Prices are expected to moderate from current levels as the impact of temporary factors affecting supply is reduced, leading to smaller royalty increases in 2019-20 and 2020-21. Oil prices are expected to remain steady from 2019-20, consistent with expectations for production and consumption remaining at similar levels. Forecasts of the Brent oil price are detailed in Appendix C and are similar to Consensus Economics forecasts. Forecasts of LNG volumes are similar to the 2017-18 Budget.

Significant growth in LNG exports over the last few years is supporting growth in petroleum royalty forecasts. Efforts to support LNG industry growth in Queensland also has broader benefits including job creation, and in turn supports increased revenue collection by the Australian Government.

Petroleum royalties have been revised up by \$253 million in 2018-19 since the 2017-18 Budget, mainly resulting from increased Brent oil prices. The value of coal seam gas, which is largely based on export LNG prices less allowable deductions, has meant that increased oil prices have had a proportionally larger impact on petroleum royalties.

4.7.3 Other royalties

Other royalties include revenue from metals mined in Queensland such as copper, lead and zinc and other minerals including bauxite. Revenue from other royalties is expected to grow 29.0% in 2018-19, supported by a stronger outlook for base and precious metals prices. This follows small declines of 1.4% in 2016-17 and 1.2% in 2017-18.

4.7.4 Land rents

Revenue from land rents derived from mining and petroleum leases and pastoral holdings are expected to grow 6.1% in 2018-19.

4.8 Sales of goods and services

Sales of goods and services revenue comprises cost recoveries from providing goods or services. Table 4.6 provides a breakdown of the category.

The Government provides concessions in the form of discounts, rebates and subsidies to improve access to and the affordability of a range of services for individuals or families, based on eligibility criteria relating to factors such as age, income and special needs or disadvantage. Appendix A provides details of the concession arrangements provided by the Queensland Government.

Table 4.6 Sales of goods and services¹

	2016-17 Actual \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Fee for service activities	2,370	2,377	2,135	2,221	2,199	2,202
Public Transport: South East Queensland	356	338	344	353	362	363
Rent revenue	533	577	597	628	661	830
Sale of land inventory	65	52	59	66	97	98
Hospital fees	794	859	879	892	907	919
Transport and traffic fees	398	426	448	467	485	504
Other sales of goods and services	1,127	1,233	1,269	1,320	1,363	1,390
Total	5,642	5,861	5,731	5,947	6,074	6,306

Note:

- 1. Numbers may not add due to rounding.

4.8.1 Fee for service activities

Major items of fee for service activities across the General Government Sector include:

- recoverable works carried out by the Department of Transport and Main Roads and the commercialised arm of the department
- fees charged by Technical and Further Education (TAFE) colleges
- fees charged by CITEC to commercial clients for information brokerage services.

4.8.2 Other sales of goods and services

As shown in Table 4.6, there are a variety of other types of sales of goods and services. These include revenue from public transport ticketing arrangements, rent or lease of government property, hospital fees, transport and traffic fees, title registration fees and other licences and permits.

4.9 Interest income

Interest income primarily comprises interest earned on investments, including those held for superannuation and insurance purposes.

Interest income is estimated to account for 3.8% of total General Government Sector revenue in 2018-19. Consistent with the 2017-18 Budget, interest income is expected to decline between 2017-18 and 2021-22 due to a reduction in the portfolio of financial assets held for defined benefit superannuation and in the Queensland Government Insurance Fund.

4.10 Dividend and income tax equivalent income

Dividend and income tax equivalent income accounts for 3.8% of total General Government Sector revenue in 2018-19.

Estimated revenue from dividend and income tax equivalent income in 2017-18 has been revised upwards by \$629 million since the 2017-18 Budget, supported by increased earnings from electricity generation and network businesses. In 2018-19, dividend and income tax equivalent income is expected to decline \$469 million mainly from the electricity generation and electricity network sectors. Dividend and income tax equivalent income is expected to decline over the four years to 2021-22, driven by reductions in dividend returns from the electricity network, electricity generation and water sectors. Trends in dividends and income tax equivalent income are discussed in more detail in Chapter 8.

4.11 Other revenue

Other revenue, including royalty revenue, accounts for 9.9% of total General Government Sector revenue in 2018-19. Royalties themselves account for 7.7% of revenue in 2018-19, and are discussed in section 4.7.

The major fines and infringements included in this category are issued by the Department of Transport and Main Roads (DTMR) and Queensland Police Service (QPS), incorporating fixed and mobile camera offences, speeding and tolling offences. Revenue from fines and forfeitures are expected to grow by 11.5% in 2018-19.

Table 4.7 Other revenue¹

	2016-17 Actual \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Royalties and land rents	4,000	4,484	4,615	4,260	3,904	4,011
Fines and forfeitures	375	400	446	471	507	520
Revenue not elsewhere classified	847	739	672	664	672	682
Total	5,222	5,623	5,733	5,395	5,083	5,212

Note:

1. Numbers may not add due to rounding.

5 Expenses

Features

- The 2018-19 Budget continues to target initiatives that drive more inclusive economic growth and job creation, reduce the cost of living pressures and enhance the safety, security and liveability of Queensland communities.
- Expenses for 2017-18 are estimated to be \$56.747 billion, an increase of \$3.374 billion (or 6.3%) from 2016-17. The increase is due to growth funding to support ongoing demand for health services and student enrolments, expenditure in relation to the final preparation and delivery of the Gold Coast 2018 Commonwealth Games and establishment of a provision for the anticipated costs of Queensland participating in the National Redress Scheme for Survivors of Institutional Child Sexual Abuse (National Redress Scheme).
- Total expenses are projected to grow at an average annual rate of 2.9% over the five years to 2021-22. This is a reduction from last year’s budget projected rate of 3.2% over the five years to 2020-21.
- In 2018-19, General Government Sector expenses are estimated to be \$57.590 billion, an expected increase of \$843 million (or 1.5%) over the estimated actual for 2017-18. The increase is a result of continued demand growth in education, health and community services.
- The average growth in employee expenses over the five years to 2021-22 is 4.5% per annum, reflecting growth in full time equivalents (FTEs) and the Government’s wages policy.
- In 2018-19, the major areas of expenditure are health and education, which together constitute approximately 54.4% of General Government Sector expenses, the highest ever proportional spend on these services.

This chapter provides an overview of General Government Sector expenses for the estimated actual for 2017-18, forecasts for the 2018-19 Budget year and projections for 2019-20 to 2021-22. The forward estimates are based on the economic projections outlined in Chapter 2.

5.1 2017-18 estimated actual

General Government Sector expenses in 2017-18 are estimated to be \$56.747 billion, \$767 million higher than the 2017-18 Mid Year Fiscal and Economic Review (MYFER) estimate. The increase since MYFER is largely driven by provisioning for the anticipated costs of Queensland participating in the National Redress Scheme for Survivors of Institutional Child Sexual Abuse, and the Australian Government’s advance payment of financial assistance grants to local governments in 2017-18 for the 2018-19 financial year.

5.2 2018-19 Budget and out-years

Table 5.1 General Government Sector expenses¹

	2016-17 Actual \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Employee expenses	21,258	22,838	23,807	24,645	25,541	26,466
Superannuation interest costs	514	665	667	717	774	778
Other superannuation expenses	2,661	2,819	2,887	2,933	2,957	3,001
Other operating expenses	15,582	17,382	15,774	15,119	15,291	15,745
Depreciation and amortisation	3,068	3,330	3,429	3,543	3,650	3,776
Other interest expenses	1,722	1,616	1,474	1,643	1,691	1,794
Grants expenses	8,568	8,096	9,552	10,075	9,926	10,019
Total Expenses	53,373	56,747	57,590	58,675	59,829	61,579

Note:

1. Numbers may not add due to rounding.

General Government Sector expenses of \$57.590 billion in 2018-19 represent an increase of \$843 million (or 1.5%) over the 2017-18 estimated actual. Factors influencing the higher expenditure in 2018-19 include:

- delivery of the Government’s election commitments including additional frontline nurses, police and firefighters
- growth in demand for health services
- growth in education expenditure reflecting student enrolment growth in Queensland schools, enterprise bargaining outcomes, maintaining secondary curriculum offerings for the half year cohort of students going into senior secondary and review of salary classification of school administration and support staff
- job creation initiatives including Works for Queensland, Back to Work Packages, Skilling Queenslanders for Work and Jobs and Regional Growth package
- community services initiatives continuing to improve the child protection system and support of the transition of disability services to the National Disability Insurance Scheme (NDIS)
- costs associated with the introduction of the new Waste Disposal Levy including implementation costs, advance payments to local councils and industry support funding.

Expenditure largely isolated to 2017-18 for the delivery of Gold Coast 2018 Commonwealth Games and the provision for the anticipated cost of Queensland’s participation in the National Redress Scheme contribute to the observed reduced growth in 2018-19 expenses. Growth in 2018-19 is also impacted by the Australian Government’s advance payment of financial assistance grants in 2017-18 for 2018-19 and the 2018-19 whole-of-Government reprioritisation measures (refer to Budget Paper 4 *Budget Measures*).

5.3 Expenses by operating statement category

As outlined in Chart 5.1, the largest expense categories in the General Government Sector in 2018-19 are employee and superannuation expenses (47.4%), followed by other operating expenses (27.4%) that reflect non-labour costs of providing goods and services to government and non-government recipients including consultancies and contractors, transport service contract payments and repairs and maintenance.

Chart 5.1 Expenses by operating statement category, 2018-19

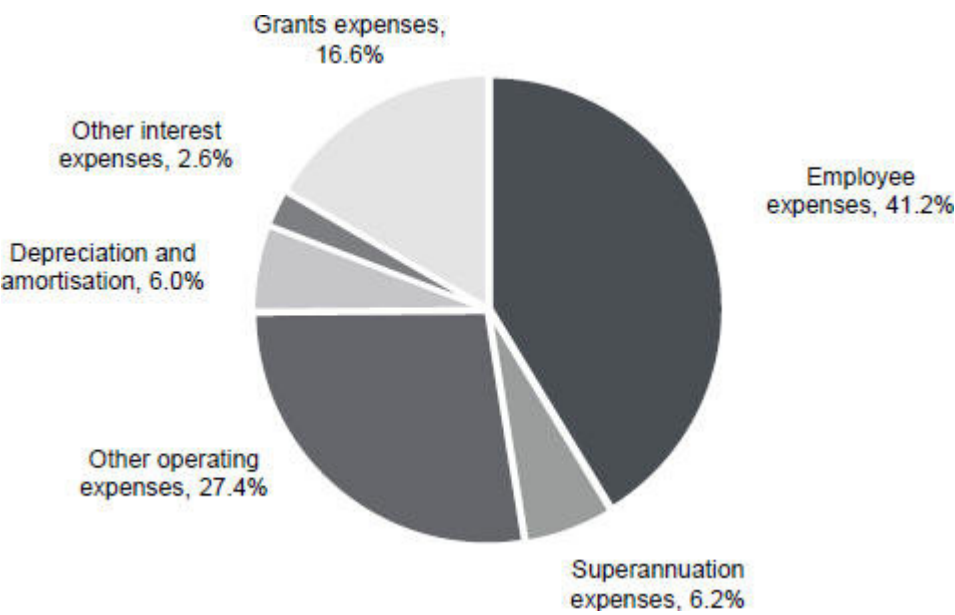
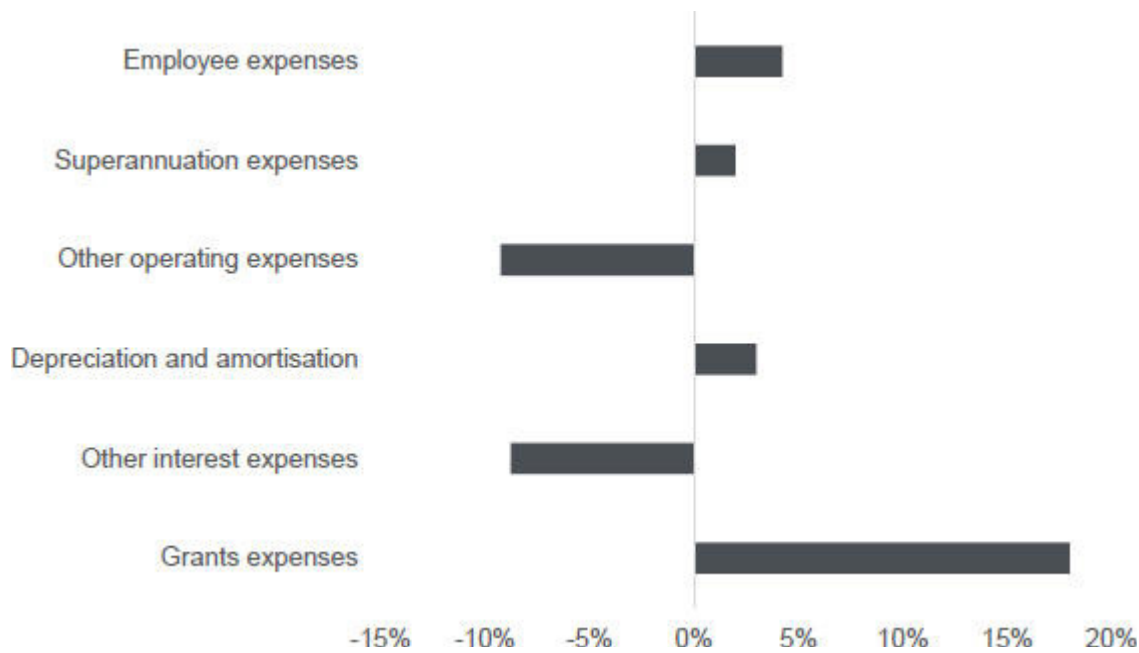


Chart 5.2 identifies the growth in expenses for each operating statement category between the 2017-18 estimated actual and the 2018-19 Budget. The fastest growth is in grant expenses, which primarily reflects the change in service delivery model of disability services with the State progressively transitioning to the National Disability Insurance Scheme (NDIS).

Chart 5.2 Growth in expenses by operating statement category - 2017-18 estimated actual to 2018-19 Budget



5.3.1 Employee expenses

Employee expenses include salaries and wages, annual leave and long service leave.

In 2018-19, employee expenses are expected to be \$23.807 billion, \$969 million or 4.2% higher than the 2017-18 estimated actual. This reflects both growth in full-time equivalents (FTEs) and the Government’s 2.5% wages policy. Much of the increase in employee expenses in 2018-19 is the key frontline service areas of health and education reflecting increasing demand for health services and student population growth.

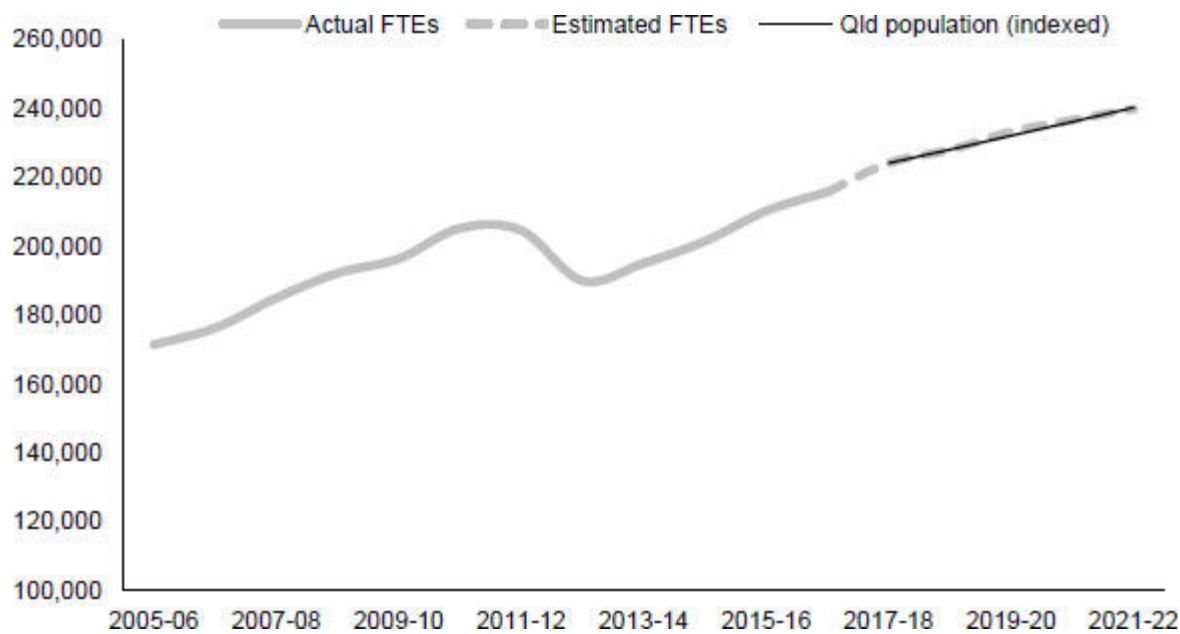
Full-time equivalents

During the 2015 election, the Government made commitments to revitalise frontline service delivery. This resulted in FTEs increasing 14,269 (or 7.1%) in 2015-16 and 2016-17, and an estimated further 8,380 (or 3.88%) in 2017-18. Between March 2015 and March 2018:

- teachers increased by 3,634 (or 8.6%)
- teacher aides increased by 1,135 (or 12.2%)
- nurses increased by 4,828 (or 17.3%)
- health practitioners increased by 1,488 (or 15.2%)
- doctors increased by 1,605 (or 20.3%)
- ambulance officers increased by 376 (or 10.2%)
- police officers increased by 302 (or 2.7%).

As at March 2018, 90.5% of public servants were engaged in frontline and frontline support roles. Chart 5.3 shows actual FTEs from 2005-06 to 2016-17 and estimated FTEs from 2017-18 to 2021-22.

Chart 5.3 Departmental FTEs



FTE growth is moderating. FTEs are estimated to increase by around 3,833 (or 1.71%) in 2018-19, with the majority of the increase being attributable to growth in health and education. These additional FTEs will continue to reduce the number of patients waiting longer than the recommended time, relieve pressure on class sizes and continue to improve student outcomes.

Given the tight fiscal environment and the fact that employee expenses represent the State’s largest expense category, the Government introduced a new fiscal principle in the 2016-17 Budget to maintain a sustainable public service where overall growth in FTEs, on average over the forward estimates, does not exceed population growth.

The overall average annual growth rate over 2017-18 to 2021-22, based on current estimates, is 1.71%. This compares to an estimated Queensland population growth of 1¾% annually. To enable ongoing monitoring, the Queensland Public Service Commission (PSC) will continue to collect agency workforce data on a quarterly basis for analysis and reporting purposes.

Box 5.1 Better data to drive decision making

As noted in previous years’ Budget Paper 2 *Budget Strategy and Outlook*, issues have existed for many years with collecting and reporting information about FTEs in the Queensland public service.

These issues have arisen primarily due to the existence of two methodologies to calculate the number of FTEs, and scope of agencies included within the reported numbers. The Minimum Obligatory Human Resource Information (MOHRI) data is published in quarterly Workforce Profile reports and used primarily for broader human resources planning purposes. The Budget FTE number is used to monitor the actual number of FTEs being paid by an agency.

The PSC, with support from Queensland Treasury, has been working on strategies to reduce inconsistencies and improve the quality of data being reported. This has included restructuring parts of the quarterly Workforce Profile reports so that the data for agencies that are included in Budget Paper 2, Table 5.2 is shown separately from those that are not.

The Government acknowledges that there are still limitations surrounding the use of the MOHRI data. The key limitation of the MOHRI methodology is the inconsistency with how employee expenses are accounted for and monitored in agencies. Further, the complexity of the MOHRI methodology means that data on FTEs is not readily available in a timely fashion.

The Government will improve the quality of information by:

- enhancing data collection, reporting and monitoring of indirect employment, such as the use of labour hire, contractors and consultants
- working with agencies to improve geographical reporting, including by postcode
- reviewing the contents of the Workforce Profile reports to assess whether they are meeting the needs of users or whether further opportunities exist to provide tailored reporting, to be reported on by the 2018-19 MYFER
- reviewing occupational codes to identify whether any additional key occupational groups exist which should be reported upon.

The Government is also committed to ensuring that public service staff are located where they are needed in the community. Around 32% of FTEs are located outside South East Queensland, consistent with population share. Regional Action Plans show increases in key service delivery occupations across the regions.

The devolved frontline service delivery models used in some agencies continue to present challenges for FTE estimation and monitoring, in particular when funding is provided in such a way that agencies determine how to most efficiently deliver services. Consistent with last year, the 2018-19 Budget FTE estimates build in an allowance for this.

Table 5.2 shows the funded FTE positions by department and is consistent with agency Service Delivery Statements.

Table 5.2 Funded controlled FTE positions by Department^{1,2}

	2017-18 Adj. Budget ³	2017-18 Est. Act	2018-19 Budget
Aboriginal and Torres Strait Islander Partnerships	315	327	324
Agriculture and Fisheries	2,089	2,131	2,128
Child Safety, Youth and Women ⁴	4,631	4,638	4,834
Communities, Disability Services and Seniors ^{4,5}	2,675	2,676	2,241
Education	70,340	71,296	72,784
Electoral Commission of Queensland	56	56	60
Employment, Small Business and Training ⁴	4,538	4,517	4,432
Environment and Science	3,074	3,083	3,093
Housing and Public Works	5,510	5,512	5,541
Innovation, Tourism Industry Development and the Commonwealth Games	193	194	173
Justice and Attorney-General	3,362	3,369	3,449
Local Government, Racing and Multicultural Affairs	178	181	188
Natural Resources, Mines and Energy	2,669	2,676	2,665
Office of the Inspector-General Emergency Management	22	22	22
Premier and Cabinet	480	478	467
Public Safety Business Agency	1,144	1,129	1,117
Public Service Commission	73	73	70
Queensland Audit Office	197	182	182
Queensland Corrective Services ⁴	4,868	5,005	5,039
Queensland Fire and Emergency Services	3,280	3,280	3,321
Queensland Health (total-disaggregation below)	87,396	87,610	90,095
Queensland Police Service	15,463	15,566	15,696
Queensland Treasury	975	994	994
State Development, Manufacturing, Infrastructure and Planning	1,013	1,058	1,045
The Public Trustee of Queensland	609	611	615
Transport and Main Roads	7,490	7,505	7,427
Total	222,639	224,169	228,002

Budget Strategy and Outlook 2018-19

	2017-18 Adj. Budget ³	2017-18 Est. Act	2018-19 Budget
Queensland Health Disaggregation			
Health	7,415	7,497	7,645
Queensland Ambulance Service	4,346	4,402	4,507
Cairns and Hinterland Hospital and Health Service	4,923	4,937	4,971
Central Queensland Hospital and Health Service	2,890	2,980	3,052
Central West Hospital and Health Service	373	380	373
Children’s Health Queensland Hospital and Health Service	3,608	3,792	3,700
Darling Downs Hospital and Health Service	4,315	4,396	4,549
Gold Coast Hospital and Health Service	7,482	7,635	8,063
Mackay Hospital and Health Service	2,160	2,286	2,312
Metro North Hospital and Health Service	15,750	15,832	16,165
Metro South Hospital and Health Service	12,604	13,275	12,882
North West Hospital and Health Service	702	716	782
South West Hospital and Health Service	777	806	819
Sunshine Coast Hospital and Health Service	6,540	5,970	6,400
Torres and Cape Hospital and Health Service	926	961	943
Townsville Hospital and Health Service	5,180	5,381	5,401
West Moreton Hospital and Health Service	3,243	3,284	3,572
Wide Bay Hospital and Health Service	3,049	3,080	3,132
Funded unallocated FTEs ⁶	1,113	—	827
Total Queensland Health	87,396	87,610	90,095

Notes:

- 1. Numbers may not add due to rounding.
- 2. Explanation of variations in departmental FTEs can be found in the Service Delivery Statements (SDSs). Departmental totals may include multiple tables from Service Delivery Statements, due to separate FTE tables being provided for Commercialised Business Units.
- 3. Adjusted Budget reflects movements of FTEs following Machinery of Government changes only.
- 4. Differs from SDSs due to departmental transfers which were not classified as Machinery of Government changes in the SDS.
- 5. Decline in FTEs in 2018-19 reflects the transfer of clients with disability to the National Disability Insurance Scheme (NDIS).
- 6. Funded unallocated FTEs represents estimates of additional FTEs which have not yet been allocated to particular Hospital and Health Services.

5.3.2 Superannuation expenses

The superannuation interest cost represents the imputed interest on the Government’s accruing defined benefit superannuation liabilities.

In determining the State’s defined benefit superannuation liabilities, AASB 119 *Employee Benefits* requires the discounting of future benefit obligations using yield rates on Government bonds net of investment tax. Interest costs are calculated on a net liability approach by applying the discount rate to both the gross liability and superannuation plan assets.

Superannuation interest costs are dependent on the applicable discount rates and increase marginally over the forward estimates as these rates increase. The defined benefit scheme, which is closed to new members and subject to interest rate fluctuations, will decline over time as members leave.

Other superannuation expenses represent employer superannuation contributions to accumulation superannuation and the current service cost of the State’s defined benefit obligation (or the increase in the present value of the defined benefit obligation resulting from employee service in the current period).

5.3.3 Other operating expenses

Other operating expenses comprise the non-labour costs of providing goods and services, including services to government and non-government organisations, repairs and maintenance, consultancies, contractors, electricity, communications and marketing.

In 2018-19, other operating expenses are expected to be \$15.774 billion, a decrease of \$1.609 billion or 9.3% lower compared to the 2017-18 estimated actual.

Other operating expenses decline significantly in 2018-19 due to:

- delivery of the Gold Coast 2018 Commonwealth Games in 2017-18
- the Government provisioning in 2017-18 for Queensland’s participation in the National Redress Scheme
- continuing transition of specialist disability services to the NDIS. Queensland’s contributions to the NDIS are reflected as grants expenses.

Other operating expenses continue to decline in 2019-20 following the final year of transition to the NDIS in 2018-19.

5.3.4 Depreciation and amortisation

Depreciation and amortisation expense is an estimate of the progressive consumption of the State’s assets through normal usage, wear and tear and obsolescence. Growth in this expense category primarily reflects asset revaluations and the increasing investment in State infrastructure.

Depreciation expenses have increased since the 2017-18 MYFER in all years of the forward estimates following revisions for transport and health infrastructure.

5.3.5 Other interest expenses

Other interest expenses include interest paid on borrowings to acquire capital assets and infrastructure such as roads and government buildings.

Other interest expenses are estimated to decline \$142 million in 2018-19 to \$1.474 billion compared to \$1.616 billion in 2017-18.

Interest costs have fallen significantly since the recent peak of \$2.328 billion in 2014-15. The decline in General Government Sector debt servicing costs is due in part to the repatriation of surplus defined benefit superannuation assets and other balance sheet measures.

5.3.6 Grants expenses

Current grants include grants and subsidies to the community (such as non-state schools, hospitals, benevolent institutions and local governments) and personal benefit payments. Community Service Obligations (CSOs) are provided where Public Non-financial Corporations (PNFCs) are required to provide non-commercial services or services at non-commercial prices for the benefit of the community (for further details refer to Chapter 8).

Capital grants represent transfers to the PNFC Sector, local governments, not-for-profit institutions and other non-government entities, such as business and households (including the Queensland First Home Owners’ Grant and non-state schools) for capital purposes.

Table 5.3 provides a breakdown of grants by category and recipient type.

Table 5.3 Grants expenses¹

	2016-17 Actual \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million
Current			
Grants to local government	905	744	603
Grants to private and not-for-profit organisations			
State funding for non-state schools	664	688	683
Australian Government funding for non-state schools	2,393	2,537	2,670
Other	1,220	1,434	1,514
Grants to other sectors of government			
Community service obligations to PNFCs	615	499	472
Other payments to PNFCs	797	37	44
Other (includes payments to NDIA)	157	411	1,653
Other	437	305	238
Total current grants	7,189	6,656	7,878
Capital			
Grants to local government	732	976	1,064
State funding for non-state schools	93	93	98
Grants to private and not-for-profit organisations	361	144	359
Payments to PNFCs	29	16	13
Queensland First Home Owners' Grants	158	201	140
Other	6	10	—
Total capital grants	1,379	1,440	1,674
Total current and capital grants	8,568	8,096	9,552

Note:

1. Numbers may not add due to rounding.

In 2017-18, total grant expenses are estimated to be \$8.096 billion; \$472 million lower than 2016-17. This decrease is mainly due to:

- the payment in 2016-17 of the \$771 million Electricity Affordability grant to Energy Queensland to remove the costs of the Solar Bonus Scheme from retail electricity prices from 2017-18 to 2019-20
- the Australian Government's payment in 2016-17 of the financial assistance grants to local governments for both 2016-17 and 2017-18. The 2018-19 grant will be paid in 2017-18.

The effect of these grant payments in 2016-17 were partially offset in 2017-18 by increased funding to non-state schools, grants under the Government's job creation programs, First Home Owners' Grants and payments by the State to the National Disability Insurance Agency (NDIA) on the progressive transition to the NDIS.

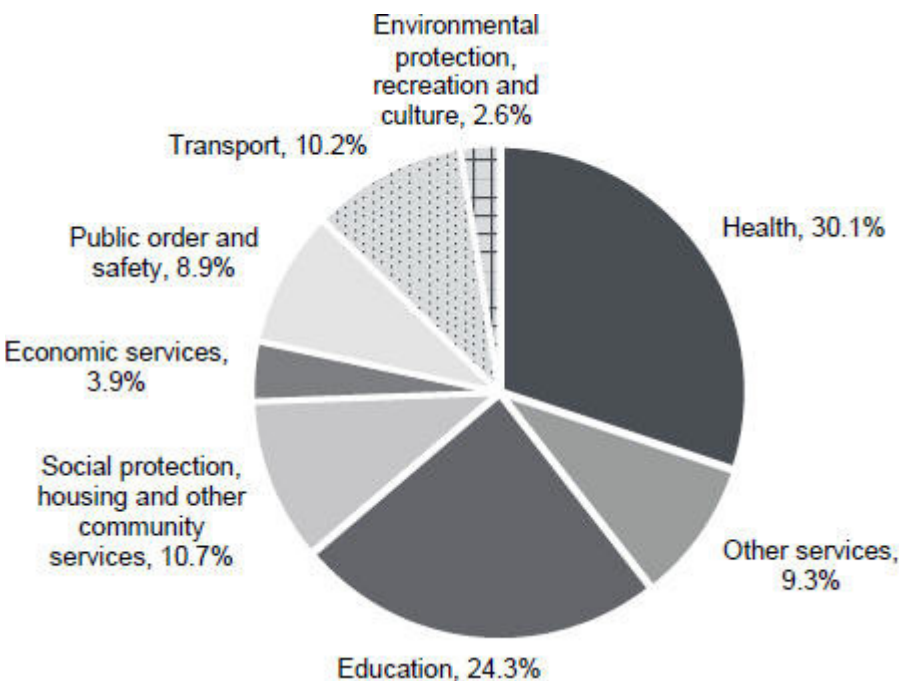
In 2018-19, total grant expenses are estimated to be \$9.552 billion, an increase of \$1.456 billion from 2017-18. The increase in grants expenses is mainly due to grants to other sectors of government, reflecting the change in service delivery model of disability services with the State progressively transitioning to the NDIS, higher capital grants to local councils under Natural Disaster Relief and Recovery Arrangements, waste strategy measures supported by the waste disposal levy and various election commitment expense measures. The increase in grants expenses in 2018-19 is partly offset by the Australian Government again making advance payment of the 2018-19 financial assistance grants to local councils in 2017-18.

5.4 Operating expenses by purpose

Chart 5.4 indicates the proportion of expenditure by major purpose classification for the 2018-19 Budget. Health accounts for the largest share of expenses (30.1%) followed by Education (24.3%).

The Australian Bureau of Statistics introduced a revised Classification of the Functions of Government Australia Framework, effective 1 July 2017, which has resulted in some reclassification of expenditure between purposes.

Chart 5.4 General Government Sector expenses by purpose, 2018-19



5.5 Departmental expenses

Data presented in Tables 5.4 and 5.5 provide a summary drawn from financial statements contained in the Service Delivery Statements (SDS). Further information on the composition of expenses, outputs delivered and factors influencing the movement in expenses can also be obtained from a department's SDS.

Table 5.4 Departmental controlled expense^{1,2}

	2017-18 Est. Act. \$ 000	2018-19 Budget \$ 000
Aboriginal and Torres Strait Islander Partnerships	90,905	86,868
Agriculture and Fisheries	470,493	481,707
Child Safety, Youth and Women	801,680	1,625,340
Communities, Disability Services and Seniors	2,130,417	868,802
Education	9,371,431	9,421,193
Electoral Commission of Queensland	58,286	48,033
Employment, Small Business and Training	569,445	1,074,848
Energy and Water Supply ³	43,796	—
Environment and Science	548,345	813,880
Health Consolidated ⁴	16,865,940	17,317,943
Housing and Public Works	2,193,512	2,469,903
Innovation, Tourism Industry Development and the Commonwealth Games	372,003	222,834
Inspector General Emergency Management	4,876	4,887
Justice and Attorney-General	1,081,575	602,728
Legislative Assembly	97,415	98,193
Local Government, Racing and Multicultural Affairs	484,553	436,063
National Parks, Sport and Racing ³	152,700	—
Natural Resources, Mines and Energy	530,990	663,388
Office of the Governor	7,126	7,174
Office of the Ombudsman	8,677	9,205
Premier and Cabinet ⁵	205,286	116,370
Public Safety Business Agency	437,286	422,577
Public Service Commission	15,969	14,598
Queensland Audit Office	42,667	43,821
Queensland Corrective Services	469,406	951,883
Queensland Fire and Emergency Services	678,022	702,492
Queensland Police Service	2,320,969	2,325,591
Queensland Treasury	321,494	256,965
Science, Information Technology and Innovation ³	176,127	—
State Development, Manufacturing, Infrastructure and Planning	401,707	595,992
The Public Trustee of Queensland	88,154	95,362
Transport and Main Roads	5,728,206	5,885,706
Total expenses	46,769,458	47,664,346

Notes:

1. Total expenses by department do not equate to total General Government expenses in Uniform Presentation Framework (UPF) terms reported elsewhere in the Budget Papers as General Government expenses include a wider range of entities including State Government statutory authorities. In addition, transactions eliminated between entities within the General Government Sector are excluded in the preparation of whole-of-Government UPF financial statements.
2. Explanation of variations in departmental controlled expenses can be found in the Service Delivery Statements.
3. Ceased 12 December 2017.
4. This represents Health Consolidated in the Service Delivery Statement, which consolidates Queensland Health controlled, the Hospital and Health Services, and Queensland Ambulance Service.
5. Excludes Corporate Administration Agency.

Table 5.5 Departmental administered expense^{1, 2}

	2017-18 Est. Act. \$ 000	2018-19 Budget \$ 000
Aboriginal and Torres Strait Islander Partnerships	14,261	12,518
Agriculture and Fisheries	27,717	40,370
Child Safety, Youth and Women	494,601	5,868
Communities, Disability Services and Seniors	811,834	1,929,471
Education	3,413,315	3,550,845
Energy and Water Supply ³	233,064	—
Environment and Science	71,194	139,452
Health	73,784	18,748
Housing and Public Works	23,892	52,079
Innovation, Tourism Industry Development and the Commonwealth Games	625,534	107,889
Justice and Attorney-General	400,860	415,442
Local Government, Racing and Multicultural Affairs	750,723	247,124
National Parks, Sport and Racing ³	31,688	—
Natural Resources, Mines and Energy	335,764	533,012
Premier and Cabinet	137,247	123,127
Queensland Police Service		734
Queensland Treasury	6,002,470	6,049,595
Science, Information Technology and Innovation ³	37,433	—
State Development, Manufacturing, Infrastructure and Planning	222,792	604,240
The Public Trustee of Queensland	604	—
Total expenses	13,708,777	13,830,514

Notes:

1. Total expenses by department does not equate to total General Government expenses in Uniform Presentation Framework (UPF) terms reported elsewhere in the Budget Papers as General Government expenses include a wider range of entities including State Government statutory authorities. In addition transactions eliminated between entities within the General Government Sector are excluded in the preparation of whole-of-Government UPF financial statements.
2. Explanation of variations in departmental administered expenses can be found in the Service Delivery Statements.
3. Ceased 12 December 2017.

6 Balance sheet and cash flows

Features

- Due to a stronger than expected 2017-18 operating surplus, borrowing in 2017-18 is expected to remain below projections in the 2017-18 MYFER and be nearly \$2.4 billion lower than projected in the 2017-18 Budget.
- General Government Sector debt is expected to increase slightly from \$31.367 billion in 2017-18 to \$32.311 billion in 2018-19. This is \$1.6 billion lower than the projection for 2018-19 at the time of the 2017-18 MYFER and over \$4 billion lower than 2017-18 budget.
- The reduction in General Government debt in 2017-18 has provided the Government with the capacity to fund essential infrastructure and capital works over the forward estimates, while General Government debt and Non-financial Public Sector (NFPS) debt remains lower each year than predicted in the 2017-18 Budget.
- The State’s net worth, the amount by which its assets exceed its liabilities, is forecast to be over \$208 billion by 2020-21, \$2.35 billion higher than at the time of the 2017-18 MYFER. The increase since the 2017-18 MYFER predominantly reflects lower than expected borrowing as a result of the strong 2017-18 operating surplus.
- At the time of 2017-18 MYFER, net cash inflows from operating activities for 2017-18 were expected to cover 68.9% of net investments in Non-financial Assets (NFAs) for the General Government Sector. The estimated actual coverage is now expected to be nearly 100%.
- The total capital program for 2018-19 Budget of \$45.769 billion for the period 2018-19 to 2021-22 is comprised of \$40.543 billion of Purchases of Non-financial Assets (PNFA), \$4.074 billion of capital grant expenses and acquisitions of non-financial assets under finance leases of \$1.151 billion.

6.1 Context

The balance sheet shows the projected assets, liabilities and net worth of the General Government Sector as at 30 June each financial year. It is important for the Government to maintain a strong balance sheet to provide it with stability, flexibility and capacity to deal with emerging financial and economic pressures, and to provide a strong foundation for future economic growth.

The cash flow statement shows the expected cash flows of the General Government Sector during each financial year of the forward estimates. The main difference between the accrual operating statement and the cash flow relates to the timing of cash payments and receipts and their recognition in accrual terms and the inclusion of non-cash expenses and revenues. The largest differences between accrual accounting and cash flows are in relation to depreciation and superannuation. Differences due to the timing of receipt or payment of amounts are recorded as either a receivable or payable in the balance sheet.

6.2 Balance Sheet

Table 6.1 provides a summary of the key balance sheet aggregates for the General Government Sector.

Table 6.1 General Government Sector: summary of budgeted balance sheet¹

	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Financial assets	60,814	61,544	59,460	58,581	58,642	58,458
Non-financial assets	212,407	210,900	214,752	219,987	224,570	229,016
Total assets	273,222	272,443	274,212	278,568	283,213	287,474
Borrowings	33,758	31,367	32,311	35,861	39,588	42,290
Advances and deposits	1,544	2,231	1,816	1,533	1,367	1,384
Superannuation liability	23,355	25,294	23,414	21,334	19,946	18,877
Other provisions and liabilities	12,642	13,865	14,034	14,065	14,211	14,407
Total liabilities	71,299	72,757	71,575	72,793	75,112	76,958
Net worth	201,922	199,686	202,636	205,775	208,101	210,515
Net financial worth	(10,485)	(11,213)	(12,115)	(14,211)	(16,470)	(18,501)
Net financial liabilities	33,273	34,216	35,928	38,362	40,540	42,462
Net debt	1,622	(267)	2,815	7,336	11,018	13,707

Note:

1. Numbers may not add due to rounding and bracketed numbers represent negative numbers.

6.2.1 Financial assets

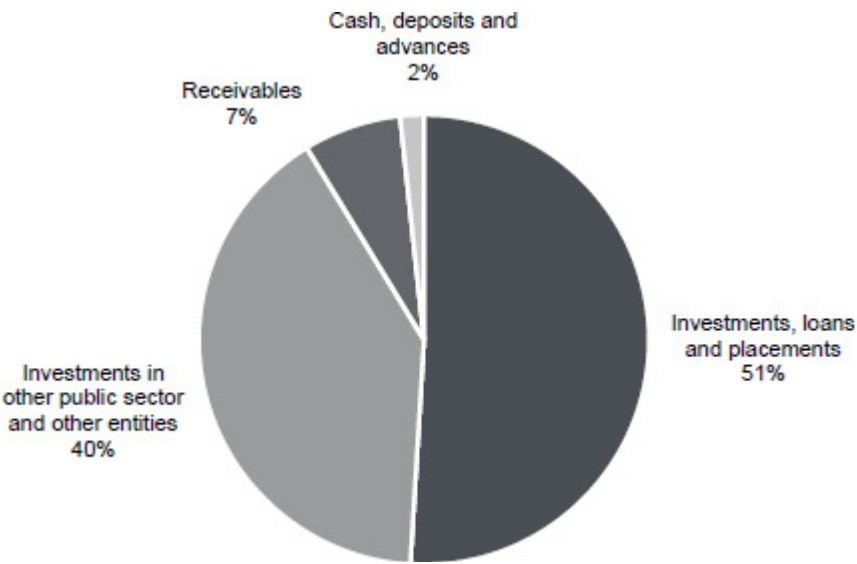
The General Government Sector holds the equity of the State’s public enterprises, principally its shareholding in government-owned corporations (GOCs) but also Public Financial Corporations like Queensland Treasury Corporation (QTC), in much the same manner as the parent or holding company in a group of companies. The estimated investment in public enterprises is included in the General Government Sector’s financial assets.

Financial assets of \$61.544 billion are estimated for 2017-18, \$730 million higher than originally budgeted for 2017-18. Receivables are \$333 million higher than budgeted, which includes dividends from other sectors.

Between 2017-18 and 2019-20, financial assets are projected to decrease by \$2.963 billion as investments are repatriated from the actuarially assessed defined benefit superannuation fund and Queensland Government Insurance Fund (QGIF) surpluses. These repatriations, announced in previous budgets, will be used to fund the State Infrastructure Fund and additional priority capital projects as well as reducing debt.

Chart 6.1 shows forecast General Government Sector financial assets by category at 30 June 2019. Investments held to meet future liabilities, including superannuation and insurance, comprise the major part of the State’s financial assets.

Chart 6.1 Forecast General Government Sector financial assets by category, at 30 June 2019



6.2.2 Non-financial assets

General Government Sector non-financial assets are estimated to total \$210.9 billion at 30 June 2018, \$1.507 billion lower than forecast at 2017-18 Budget and \$281 million higher than in the 2017-18 MYFER.

The decrease since the 2017-18 Budget reflects the flow through of a net downward revaluation at 30 June 2017 primarily for road infrastructure assets. These revaluations were incorporated into the 2017-18 MYFER.

NFAs in 2018-19 are expected to grow by \$3.852 billion over the 2017-18 estimated actuals, to be \$214.752 billion at 30 June 2019. These assets consist primarily of land and other fixed assets of \$207.985 billion, the majority of which are roads, schools, hospitals and other infrastructure used to provide services to Queenslanders. Other non-financial assets of \$6.767 billion held by the State include prepayments and deferred income tax assets relating to GOCs.

General Government Sector capital expenditure for 2018-19 is forecast to be \$7.601 billion, which comprises \$5.927 billion of PNFA, and \$1.674 billion of capital grant expenses. In addition to these, acquisitions of non-financial assets under finance leases are forecast to be \$864 million, bringing the total General Government Sector capital program for 2018-19 to \$8.465 billion.

Over the four years to 2021-22, General Government Sector capital expenditure is forecast to be \$32.078 billion, which comprises \$27.961 billion of PNFA, and \$4.117 billion of capital grant expenses. Acquisitions of non-financial assets under finance leases are forecast to be \$1.151 billion, bringing the total General Government Sector capital program over the period to \$33.229 billion.

General Government Sector PNFA are forecast to increase from \$4.905 billion in the 2017-18 estimated actual to \$7.081 billion in 2021-22. This increase reflects the Government’s commitment to providing essential infrastructure and capital works to deliver productivity enhancing infrastructure, strengthening local economies and supporting local jobs.

One of the Government’s fiscal principles targets net operating surpluses that ensure General Government Sector PNFA are funded primarily through recurrent revenues rather than borrowing. Forecast net operating cash flows from 2017-18 to 2021-22 of \$17.670 billion are funding net investments in NFAs of \$31.414 billion. Net cash inflows from operating activities equate to 59.7% of the funding required for the 2018-19 General Government Sector net investments in NFAs, and averages 59.3% across the period 2017-18 to 2021-22.

The State has also entered into a number of finance leases, mainly in relation to Public Private Partnerships, totalling \$1.710 billion over the period 2017-18 to 2019-20, including:

- \$1.030 billion for New Generation Rollingstock
- \$430 million for the Toowoomba Second Range Crossing
- \$195 million for the Gold Coast Light Rail - Stage 2.

Generally, at the commencement of finance leases, the non-financial assets and the borrowings of the State increase by an equal amount to reflect the acquisition of the asset from the proponent. There are no cash impacts on the commencement of the lease - the finance lease liabilities are subsequently repaid under the terms of the Public Private Partnership agreement.

Purchases of non-financial assets by the NFPS over the period 2018-19 to 2021-22 are forecast to be \$40.543 billion, which is an average of \$10.136 billion per annum. With capital grant expenses of \$4.074 billion, this brings total capital expenditure to \$44.618 billion. In addition to this, acquisitions of non-financial assets under finance leases of \$1.151 billion bring the total capital program over the period to \$45.769 billion. While its primary aim is to facilitate service delivery to Queenslanders, infrastructure investment makes an important contribution to the economy and is a cornerstone of the Queensland job market, particularly in the construction industry.

6.2.3 Liabilities

General Government Sector

Estimated General Government Sector liabilities of \$72.757 billion in 2017-18 are \$1.458 billion higher than the 2017-18 Budget. The superannuation liability was \$1.939 billion higher, mainly from the flow through of actuarial adjustments at 30 June 2017, as well as lower beneficiary payments. Advances received were higher as more GOCs joined the cash management scheme and there was an increase in other liabilities, predominantly the State’s commitment to join the National Redress Scheme for Survivors of Institutional Child Sexual Abuse. Partially offsetting these increases was lower debt than expected at the time of the 2017-18 Budget mainly resulting from improved royalty revenue.

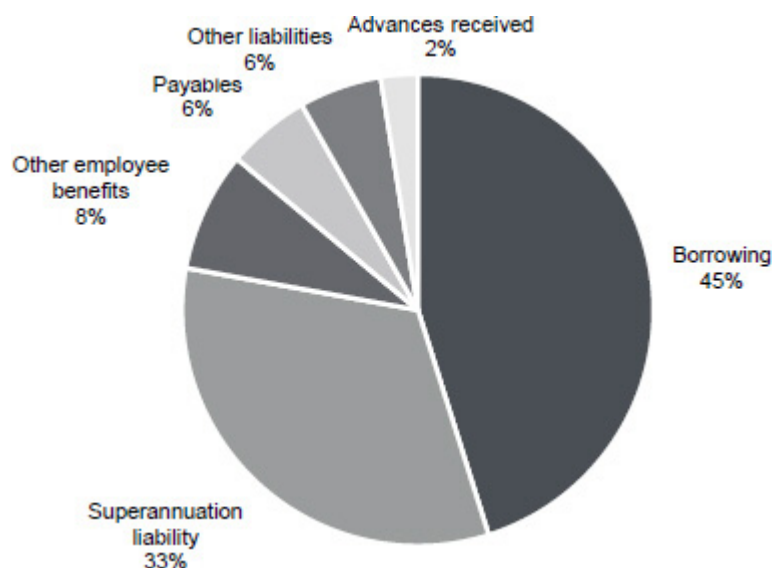
Due to the Government’s commitment to sustainable fiscal management, General Government Sector borrowing is expected to fall \$1.893 billion from \$33.260 billion in 2016-17 to \$31.367 billion in 2017-18.

Total liabilities in the General Government Sector in 2018-19 will reduce by \$1.182 billion from the 2017-18 estimated actual, predominantly due to lower superannuation liabilities. Liabilities relating to employee entitlements (principally superannuation and long service leave) are projected to total \$29.302 billion at 30 June 2019, a 5.6% decrease on the 2017-18 estimated actual. The State’s defined benefit fund has been closed to new entrants since 2008. Given the age profile of those employees still in that fund, retirements are also increasing. Accordingly, the State’s superannuation liability is now declining over the forward estimates. In addition, an anticipated increase in bond rates across the forward estimates contributes to the expected decline.

General Government Sector borrowings of \$32.311 billion are budgeted for 2018-19, \$4.082 billion lower than the projection in the 2017-18 Budget and \$1.601 billion lower than projected at the time of the 2017-18 MYFER. Borrowings are expected to increase by \$10.923 billion between 2017-18 and 2021-22 in support of PNFA’s of \$27.961 billion.

The composition of the General Government Sector’s forecast liabilities at 30 June 2019 is illustrated in Chart 6.2.

Chart 6.2 Forecast General Government Sector liabilities by category, at 30 June 2019



Borrowing in 2018-19 is budgeted to be 45% of total liabilities, compared with 53% in 2014-15, reflecting the reduction in borrowings over this period.

Non-financial Public Sector borrowings

Non-financial Public Sector borrowings of \$69.501 billion are expected for 2017-18, \$2.488 billion lower than expected at the 2017-18 Budget, and \$1.721 billion lower than 2017-18 MYFER.

Non-financial Public Sector borrowings of \$79.750 billion are now expected for 2020-21, \$1.093 billion lower than expected at the 2017-18 MYFER and \$1.398 billion less than the comparable 2017-18 Budget estimate. This largely reflects the Government’s commitment to fiscally responsible infrastructure investment, without substantially increasing debt.

6.2.4 Net financial worth

The net financial worth measure is an indicator of financial strength. Net financial worth is defined as financial assets less all existing and accruing liabilities. Financial assets include cash and deposits, advances, financial investments, loans, receivables and equity in public enterprises.

The net financial worth measure is broader than the alternative measure – net debt – which measures only cash, advances and investments on the assets side and borrowings and advances on the liabilities side.

The net financial worth of the General Government Sector for 2017-18 is estimated at negative \$11.213 billion, an improvement of \$1.138 billion on the 2017-18 MYFER.

6.2.5 Net financial liabilities

Net financial liabilities are total liabilities less financial assets, other than equity investments in other public sector entities. This measure is broader than net debt as it includes other significant liabilities, in addition to borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements).

The net financial liabilities of the General Government Sector for 2017-18 are estimated to be \$34.216 billion. Net financial liabilities start increasing from 2018-19 mainly as borrowings increase and investments are repatriated from the actuarially assessed defined benefit superannuation fund and QGIF surplus to assist funding of priority infrastructure projects.

6.2.6 Net worth

The net worth, or equity, of the State is the amount by which the State’s assets exceed its liabilities. This is the value of the investment held on behalf of the people of Queensland by public sector instrumentalities.

Changes in the State’s net worth occur for a number of reasons including:

- operating surpluses (deficits) that increase (decrease) the Government’s equity
- revaluation of assets and liabilities as required by accounting standards. For example, the Government’s accruing liabilities for employee superannuation and long service leave are determined by actuarial assessments
- movements in the net worth of the State’s investments in the Public Non-financial Corporations and Public Financial Corporations sectors
- gains or losses on disposal of assets. Where the selling price of an asset is greater (less) than its value in an agency’s accounts, the resultant profit (loss) affects net worth.

The net worth of the General Government Sector in 2017-18 is estimated to be \$199.686 billion. This is \$2.236 billion lower than forecast in the 2017-18 Budget primarily due to downward revaluations of road infrastructure assets at 30 June 2017. From 2017-18, net worth is projected to steadily increase, mainly as a result of the growth in purchases of non-financial assets.

6.2.7 Net debt

Net debt is the sum of advances received and borrowings less cash and deposits, advances paid and investments, loans and placements.

Net debt for the General Government Sector in 2017-18 is estimated to be negative \$267 million, \$1.889 billion less than the 2017-18 Budget mainly as a result of improved royalty receipts. Net debt is forecast to increase across the forward estimates to fund priority infrastructure projects.

In the NFPS, net debt is estimated at \$34.854 billion in 2017-18, \$3.036 billion less than the 2017-18 Budget. Net debt is expected to increase to \$39.027 billion in 2018-19 and then grow through to 2021-22 with infrastructure provision partly funded by borrowings and investment drawdowns.

6.2.8 New Accounting Standards

Two new accounting standards will apply to public and private sectors in Australia from 1 July 2019, AASB 16 *Leases* and AASB 1059 *Service Concession Arrangements*, that have the potential to significantly impact balance sheets.

Currently, only finance leases are recognised on the balance sheet (and classified as borrowings for GFS purposes). The intention of the new leasing standard is to also bring operating leases onto the balance sheet of lessees. There will therefore no longer be a distinction between finance leases and operating leases for lessees.

Lessees will be required to recognise a right-of-use asset on balance sheet (representing the right to use the underlying leased asset) and a lease liability (representing the obligation to make future lease payments) for all leases except for short-term leases and leases of low-value assets. Social PPPs (such as schools) are already treated as finance leases and included on the State’s balance sheet.

For Service Concession Arrangements, the State, as grantor will recognise an asset and a matching liability which may be classified as a borrowing or unearned revenue (included in other liabilities), depending on the individual contract.

The impact of these new standards will be addressed in the 2019-20 Budget.

6.3 Cash flows

The cash flow statement provides the cash surplus (deficit) measure which is comprised of the net cash flows from operating activities plus the net cash flows from investments in non-financial assets (or physical capital).

The estimated General Government Sector cash deficit of \$47 million in 2017-18 is \$1.875 billion lower than that forecast at the time of the 2017-18 Budget. This is largely due to the higher than expected operating cash flows.

After taking into account PNFA of \$5.927 billion, a cash deficit of \$2.248 billion is forecast for 2018-19, an improvement of \$937 million compared to the 2017-18 MYFER.

Net cash flows from investments in financial assets for policy purposes include net cash flows from disposal or return of equity, net equity injections into government-owned corporations and concessional loans and advances. Cash flows from the return of equity from the PNFC and PFC sectors are the primary driver of net inflows of \$1.127 billion over the period 2017-18 to 2021-22.

Net cash flows from investments in financial assets for liquidity purposes represent net investment in financial assets to cover liabilities such as superannuation, other employee entitlements and insurance. The repatriation of surpluses in the actuarially assessed defined benefit superannuation fund and the QGIF flow through this line in the Statement of Cash Flows.

Total General Government Sector PNFA of \$5.927 billion are budgeted for 2018-19 and, over the period 2018-19 to 2021-22, PNFA are expected to total \$27.961 billion in the General Government Sector.

7 **Intergovernmental financial relations**

Features

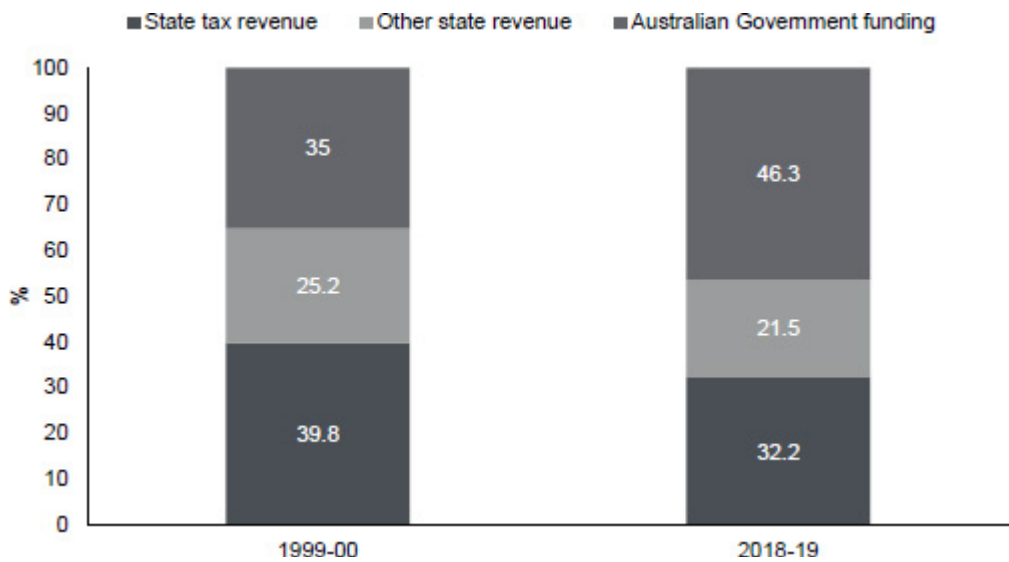
- Queensland’s ability to meet its service delivery and infrastructure responsibilities is dependent on payments from the Australian Government with over 45% of Queensland General Government revenue coming from the Australian Government.
- Estimated Australian Government funding in 2018-19 for Queensland is \$26.776 billion; \$14.794 billion in GST revenue and \$11.982 billion in payments for specific purposes (National Specific Purpose Payments and National Partnership payments).
- Queensland’s GST revenue in 2018-19 is \$415.2 million lower than that received in 2017-18. Queensland has a reduced GST share because of factors such as strong mining royalties and population growth below the national average in the three years to 2016-17. The Australian Government’s direction to the Commonwealth Grants Commission to exclude selected payments from GST distribution calculations has also negatively impacted Queensland’s share of GST.
- In 2018-19, \$11.982 billion is provided for payments for specific purposes comprising:
 - \$4.557 billion for National Health Reform
 - \$4.408 billion for Quality Schools
 - \$2.034 billion for National Partnership payments, including \$1.487 billion for the Infrastructure Investment Program, \$158 million for Natural Disaster Relief and Recovery Arrangements (NDRRA) and \$88 million for Universal Access to Early Childhood Education
 - \$669.5 million for National Specific Purpose Payments, including \$366 million for disability services, and \$303.5 million for skills and workforce development
 - \$313.6 million for National Housing and Homelessness.
- Queensland is currently negotiating a number of agreements with the Australian Government. Three key agreements are the National Health Reform Agreement, Quality Schools Agreement and the National Housing and Homelessness Agreement.
- Despite repeated requests from states and territories, the Australian Government has not provided greater certainty on the longevity of some funding, preferring instead to provide short-term extensions, or none at all in the case of remote housing, rather than make long-term commitments. The Australian Government also continues to impose stringent conditions in new agreements. This is inconsistent with the principles of the Intergovernmental Agreement on Federal Financial Relations.
- Similarly, Queensland is particularly challenged by a lack of sufficient funding from the Australian Government towards nationally significant infrastructure projects in Queensland, most notably Cross River Rail.

7.1 Federal financial arrangements

Federal financial relations in Australia are characterised by different levels of government sharing responsibility for raising revenue and delivering services to communities. State and territory governments’ ability to raise revenue is less than required to meet their service delivery responsibilities. Alongside this, the Australian Government raises more revenue than is required to meet its service delivery responsibilities. This is called vertical fiscal imbalance (VFI), and requires the sharing of revenue between the Commonwealth and states and territories.

In 2016-17, the Australian Government collected the majority of taxation revenues (79.6%), while states and territories (states)¹ collected 16.8% and local governments the remaining 3.6%². National tax reform and other changes since 2000 have led to the Commonwealth having greater capacity to raise revenue compared to states and therefore an increase in VFI. Chart 7.1 shows that states received 35% of their revenue from the Australian Government in 1999-2000, with this forecast to significantly increase to 46.3% in 2018-19³.

Chart 7.1 General Government revenue sources, all states, 1999-2000 and 2018-19¹



Note:

1. 2018-19 are estimates.

Sources: ABS Government Finance Statistics Cat No. 5512.0 and state and Australian Government Budget Papers.

¹ States refer to states and territories unless otherwise specified.
² ABS Government Finance Statistics Cat No. 5506.0
³ National aggregates and interstate comparisons in this chapter will use Australian Government estimates for consistency. Queensland specific figures are consistent with Queensland Budget estimates.

In Australia, VFI is addressed through a system of intergovernmental payments from the Australian Government to the states which allows the states to meet their service delivery and infrastructure responsibilities. The Australian Government provides two types of payments:

- general revenue assistance payments such as the GST which are able to be used by states for any purpose (untied funding)
- payments for specific purposes (tied funding) such as National Specific Purpose Payments (SPPs) and National Partnership payments (NPs) which support specific projects or service areas.

Without a contribution by the Australian Government, states would not be able to provide essential services and infrastructure.

Another feature of Australian federalism is horizontal fiscal imbalance (HFI). HFI arises from disparities between the states' capacity to raise revenue and deliver services. Some states can raise higher revenue or deliver services at a lower cost compared to other states. Over time, this can distort capital and labour mobility towards states providing higher level of services.

To address this, GST revenue collected by the Australian Government is distributed to states in a way that ensures each is provided with the fiscal capacity to deliver the same standard of services and infrastructure to their population no matter where they live. This is known as horizontal fiscal equalisation (HFE).

The Commonwealth Grants Commission (CGC) uses the principle of HFE in recommending to the Australian Government how GST revenue should be distributed. The amount each state receives is a function of the amount of GST revenue collected (the GST pool) and the share of revenue recommended by the CGC.

In April 2017, the Australian Government directed the Productivity Commission to review the current HFE system to determine its impact and whether preferable alternatives exist. Further details are provided in Box 7.1.

Box 7.1 Productivity Commission Inquiry into HFE

The Productivity Commission’s (PC) inquiry into Australia’s system of HFE commenced on 30 April 2017. This inquiry examines the current system of distributing GST revenue to the states and its impact on productivity, efficiency, economic growth and the incentives for states to undertake fiscal reforms.

The PC released a draft report on 9 October 2017. It found that the current system achieves a high degree of equalisation but has the potential to discourage states from pursuing efficiency-enhancing reform. In response, the PC canvassed several alternative systems for distributing GST revenue. A key element of these alternative systems is that states are not equalised to deliver the same standard of services and infrastructure to their population. In each alternative system, Queensland would receive significantly less GST revenue. Under one system, the PC estimates that Queensland would have received \$1.588 billion less GST in 2017-18 compared to the current system. This is equivalent to losing 5,000 teachers, 5,000 nurses, 3,000 police officers and 1,135 firefighters.

In its submission to the PC in December 2017, and at the public inquiry in Brisbane on 5 February 2018, the Queensland Government strongly advocated for the principle of HFE. It also stressed the importance of a system that recognises the different circumstances of each state so that additional funding can be directed to states with unavoidably higher service delivery costs.

The PC final report was provided to the Australian Government on 15 May 2018. At the time of finalising the 2018-19 Budget papers, states have not been provided with the report or the PC final recommendations.

7.2 Australian Government funding to the states

As discussed in section 7.1, total Australian Government payments to the states are made up of general revenue assistance payments and payments for specific purposes.

Total Australian Government payments for the states in 2018-19 are expected to be \$126.751 billion, an increase of \$4.312 billion, or 3.5%, from 2017-18.

Within this total, payments to states for specific purposes in 2018-19 are expected to be \$58.554 billion, a 1.0% increase from 2017-18. These consist of:

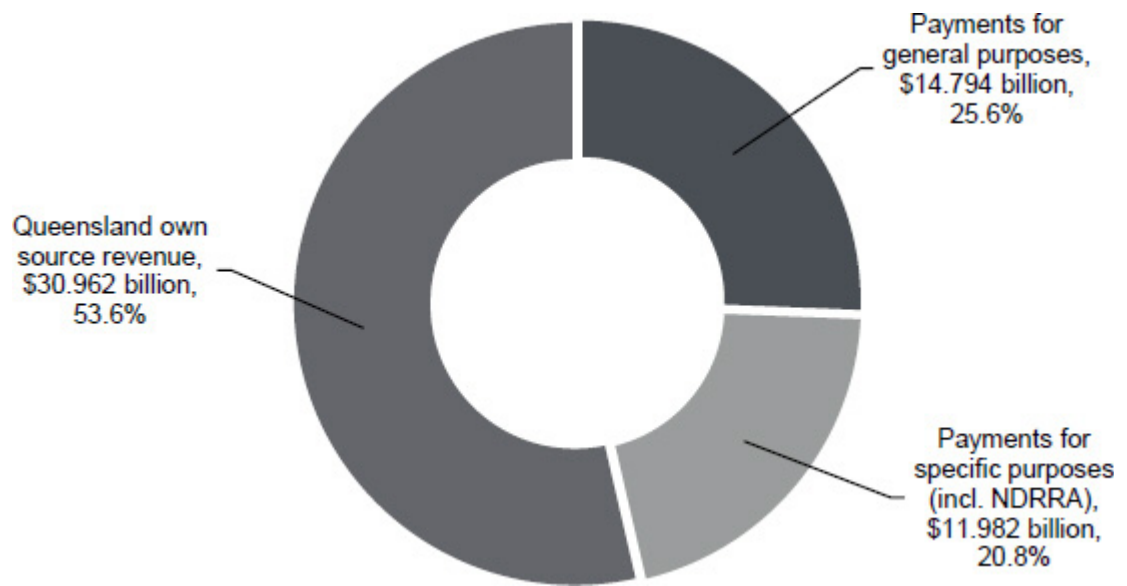
- \$21.189 billion in National Health Reform funding
- \$19.518 billion in Quality Schools funding
- \$13.840 billion in National Partnership payments
- \$2.471 billion in National Specific Purpose Payments
- \$1.536 billion in National Housing and Homelessness funding.

7.3 Australian Government funding to Queensland

Estimated Australian Government funding in 2018-19 for Queensland, included in the 2018-19 Queensland Budget, is \$26.776 billion⁴, a decrease of \$523.2 million, or 1.9%, compared with 2017-18.

Australian Government funding is estimated to account for 46.4% of Queensland’s total General Government Sector revenue sources in 2018-19 (shown in Chart 7.2). Australian Government funding has grown significantly as a proportion of Queensland’s total revenue since the introduction of the GST in 2000, consistent with the broader national trend.

Chart 7.2 General Government Sector revenue sources, Queensland, 2018-19¹



Note:

- 1. Percentage may not add to 100% due to rounding.

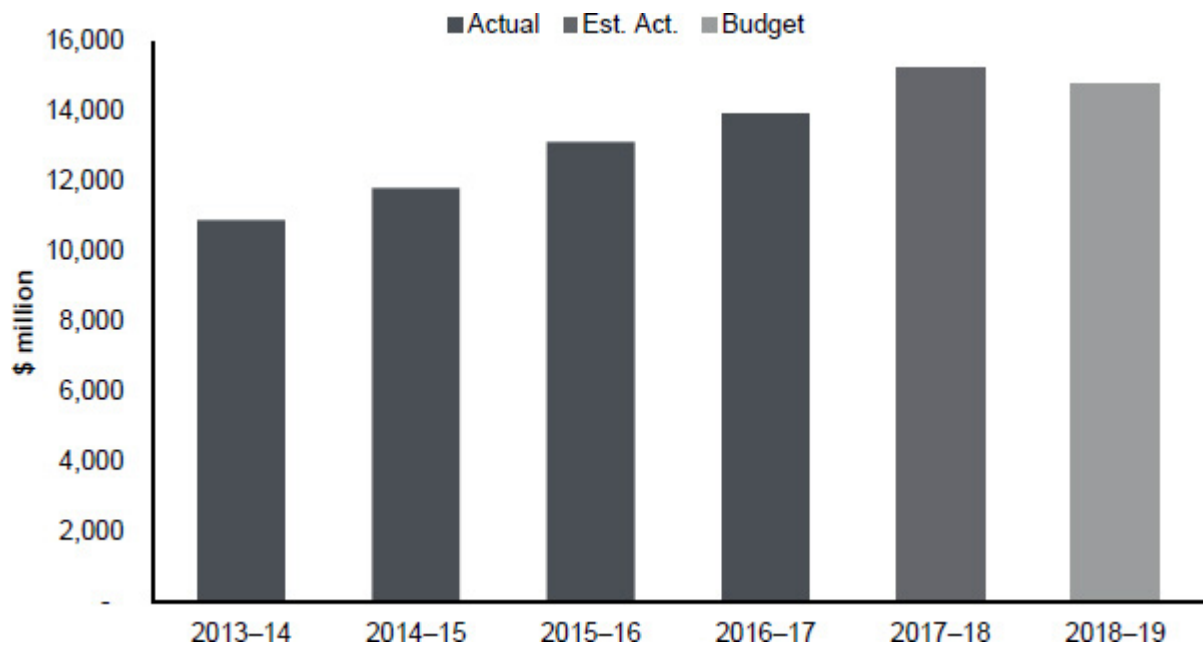
Source: 2018-19 Commonwealth Budget Paper No. 3 and Queensland Treasury estimates.

⁴ This figure differs to Chapter 4 Australian Government payments estimates, owing to the exclusion of direct Australian Government payments to Queensland departments for Commonwealth own purpose expenditure.

7.4 GST revenue payment

GST revenue accounts for all general revenue assistance payments Queensland receives. In 2018-19, Queensland expects to receive \$14.794 billion of GST revenue, \$415.2 million or 2.7% less than the amount received in 2017-18 (see Chart 7.3).

Chart 7.3 Estimated GST payments to Queensland, 2013-14 to 2018-19¹



Note

1. Figures include the balancing adjustments which account for differences between the GST paid to states and the final GST pool size and population outcomes in the prior year.

Sources: 2018-19 Commonwealth Budget Paper No. 3 and Queensland Treasury estimates.

The decrease in GST revenue in 2018-19 reflects the CGC’s recommendation that Queensland receive a lesser share of GST compared to 2017-18. This is expressed as a relativity; the measure of a state’s fiscal capacity compared to other states, after considerations are made for its ability to raise revenue and provide services. A state with a lower relativity is considered to have a higher fiscal capacity and requires a lower share of the GST. In 2018-19, the Australian Government accepted the CGC’s recommended relativity for Queensland of 1.09584, down from 1.18769 in 2017-18.

The CGC has recommended a decrease to Queensland’s share of GST for 2018-19 due to the following:

- Queensland’s population growth over the assessment years from 2014-15 to 2016-17 was lower than the national average, leading to a reduction in Queensland’s assessed need for infrastructure investment relative to the rest of Australia
- Queensland required less GST funding to cover natural disaster expenses compared to years following the major flood and cyclone events between 2011 and 2014
- strong commodity prices increased Queensland’s mining revenue which in turn improved the state’s ability to meet its own expenditures
- Queensland received more than its population share of Commonwealth payments which increased its capacity to provide services.

Queensland’s GST revenue is also adversely affected by the Australian Government excluding some payments from the GST distribution calculations. These have favoured other states in recent years, for example, funding for the Perth Freight Link paid to Western Australia and payments made to states under the Asset Recycling Initiative. The adverse effect of such payments on Queensland’s GST share last several years before they are no longer relevant to the calculation of the State’s GST share.

The CGC Report on GST Revenue Sharing Relativities (2018 Update) provides detail on the factors that determine Queensland’s GST share. It also provides information on Queensland’s share of GST compared to other states and the reasons underpinning these differences. Table 7.1 shows the relativities and resulting GST distributions for each state and territory for 2018-19.

Table 7.1 Recommended relativities and estimated GST shares, 2018-19

	NSW	Vic.	Qld	WA	SA	Tas.	ACT	NT
CGC recommended relativity	0.85517	0.98670	1.09584	0.47287	1.47727	1.76706	1.18070	4.25816
GST Share (\$ million)	18,442	17,261	14,794	3,315	6,887	2,488	1,328	2,805
GST per capita (\$)	2,290	2,642	2,934	1,266	3,956	4,733	3,161	11,405

Sources: 2018-19 Commonwealth Budget Paper No. 3, Commonwealth Grants Commission Report on GST Revenue Sharing Relativities – 2018 Update.

Currently the CGC is reviewing its method for determining the distribution of GST among the states. Through the 2020 Methodology Review, Queensland aims to ensure the assessment accurately reflects the challenges of delivering services to a large and decentralised state and that the State receives its fair share of GST revenue

The final report for the 2020 Methodology Review will be provided to the Commonwealth and states by 28 February 2020.

7.5 Payments to Queensland for specific purposes

Payments for specific purposes comprise funding for:

- National Health Reform
- Quality Schools
- National Housing and Homelessness
- National Specific Purpose Payments (SPPs)
- National Partnership (NP) payments.

Queensland is expected to receive \$11.982 billion in payments for specific purposes in 2018-19. This is \$107.2 million lower than 2017-18 and is mainly due to the cessation of the National Partnership on Remote Housing in 2017-18.

Table 7.2 Estimated Payments to Queensland for Specific Purposes¹

	2016-17 Actual \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million
National Specific Purpose Payments	907	925	670
Skills and workforce development	296	299	304
Disability services	341	353	366
Affordable housing ²	269	273	—
National Health Reform funding	3,851	4,595	4,557
Quality Schools funding	3,874	4,157	4,408
National Housing and Homelessness funding²	—	—	314
National Partnership Payments (incl. NDRRA)	3,228	2,412	2,034
Total payments for specific purposes	11,860	12,089	11,982

Notes:

1. Numbers may not add due to rounding.
2. From 2018-19, funding under the National Affordable Housing SPP and the National Partnership Agreement on Homelessness is combined under the National Housing and Homelessness Agreement.

Sources: 2018-19 Commonwealth Budget Paper No. 3 and Queensland Treasury estimates.

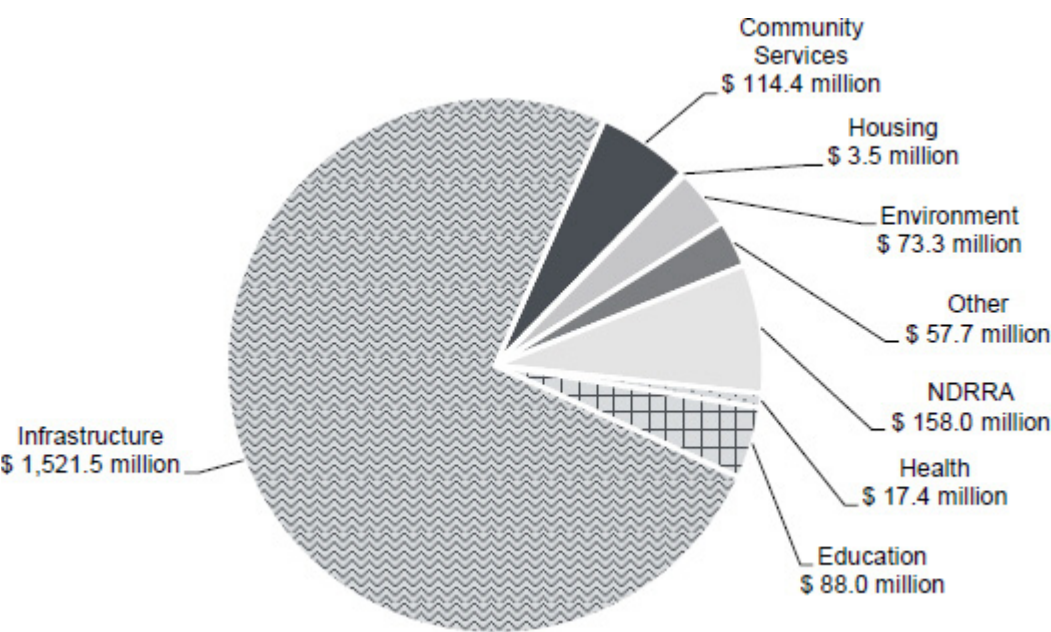
In 2018-19, National Health Reform funding accounts for 38% and Quality Schools funding accounts for 36.8% of the total payments for specific purposes respectively. The estimated decrease in National Health Reform funding from 2017-18 to 2018-19 is due to funding for services provided in previous years being recognised in 2017-18. Queensland projections of National Health Reform Funding differ from the projections contained in the 2018-19 Commonwealth Budget. For 2018-19, Commonwealth projections assume higher activity growth than is projected in service agreements between the Queensland Department of Health and Hospital and Health Services. Actual National Health Reform payments may vary from estimates based on actual public hospital activity delivered each year.

From 1 July 2018, the new National Housing and Homelessness Agreement (NHHA) will commence. The NHHA combines funding under the National Affordable Housing SPP and continues the homelessness funding under the National Partnership Agreement on Homelessness, which expires on 30 June 2018.

National SPPs, which encompass 5.6% of the total payments for specific purposes, are expected to decrease by 27.6% to \$669.5 million in 2018-19 (as shown in Table 7.2). The reduction is due to funding for the National Affordable Housing SPP being merged with homelessness funding, and reported as part of the new NHHA from 2018-19.

NP payments (including NDRRA), which account for 17% of the total payments for specific purposes, are expected to decrease by 15.7% to \$2.034 billion in 2018-19 compared to the previous year. This is mainly due to the cessation of the National Partnership on Remote Housing. A significant proportion of these payments is allocated for infrastructure, community services, NDRRA and education (refer to Chart 7.4).

Chart 7.4 National Partnership Payments by sector, 2018-19¹



Note:

- 1. Excludes Australian Government direct funding to local government.

Sources: 2018-19 Commonwealth Budget Paper No. 3 and Queensland Treasury estimates.

In the 2018-19 Commonwealth Budget, the Australian Government announced funding of \$5.2 billion for major infrastructure projects in Queensland, with most of the funding allocated outside the forward estimates. This includes:

- a further \$3.3 billion for priority upgrades along the Bruce Highway, including Pine Rivers to Caloundra (\$880 million) and Cooroy to Curra Section D (\$800 million)
- a contribution of \$1 billion to M1 Pacific Motorway projects (Eight Mile Plains to Daisy Hill and Varsity Lakes to Tugun)
- \$390 million for the Beerburrum to Nambour rail upgrade.

The Commonwealth Budget also provides funding for a number of national infrastructure initiatives that have implications for Queensland. This includes:

- \$15 million allocation for the Toowoomba to Brisbane Passenger Rail Business Case under the \$250 million Major Projects Business Case Fund
- \$1.5 billion Northern Australia strategic roads package to be shared across Queensland, the Northern Territory and Western Australia
- \$160 million to upgrade sections of the Outback Way, which links Laverton in Western Australia to Winton in Queensland. Funding will be shared across Queensland, the Northern Territory and Western Australia.

The Australian Government has failed to fund critical infrastructure such as Cross River Rail. Furthermore, it has applied inconsistent funding splits between the Commonwealth contribution compared to Queensland’s contribution (e.g. 80:20 or 50:50) for similar projects, and regularly budgets its contribution well after projects commence and beyond the forward estimates. For example, for the two M1 Pacific Motorway projects, the Australian Government has only committed to 15.5% of its project contribution within the forward estimates.

Box 7.2 Projections of specific purpose funding to Queensland

Across the forward estimates, total payments for specific purposes are expected to steadily increase, with average growth of around 4% between 2019-20 and 2021-22.

National Health Reform funding for Queensland is expected to increase by an average of 5.5% per annum from 2019-20. Under the Addendum to the National Health Reform Agreement, the Australian Government will fund 45% of efficient growth in hospital activity subject to a national growth cap of 6.5% per annum. Current estimates are based on this methodology however, funding is subject to Queensland agreeing to the Addendum to the National Health Reform Agreement, including an agreed mechanism for finalising future National Health Reform funding determinations in a timely manner.

Growth in Quality Schools funding for Queensland is expecting to average 6.7% per annum between 2018-19 and 2021-22 as a result of enrolment growth and increased per student funding. In June 2017, legislation was passed by the Australian Government to introduce a new needs-based funding model for schools. Under the new funding model, Queensland is expecting to receive \$7.856 billion for state schools and \$11.687 billion (including GST) for non-government schools over the forward estimates. Funding for the 2019 to 2023 calendar years is contingent on states agreeing to national and bilateral agreements with the Australian Government by the end of 2018.

Queensland is currently negotiating the bilateral agreement for the new National Housing and Homelessness Agreement (NHHA). Funding is due to commence in 2018-19, and combines funding for the National Affordable Housing SPP with homelessness funding. NHHA funding is expected to be relatively stable across the forward estimates.

Funding for National SPPs is expected to decrease from 2019-20 as the NDIS is fully implemented from the same year, which will redirect the National Disability SPP funding to the NDIS. Funding for the National Skills and Workforce Development SPP is expected to be relatively stable across the forward estimates.

7.5.1 Expiring agreements

The original intent of the Intergovernmental Agreement on Federal Financial Relations was to limit the number of NPs, allowing for funding to flow to states for efficient service delivery and reduce the reporting burden. Over time, the number of time-limited and low-value NPs has increased, reducing budget certainty and raising community expectations for ongoing services.

When agreements expire, states are left with limited opportunities to deal with the expiring NP as the final decision on continued funding is made through the Australian Government’s budget process. The expiry of a number of large NPs over the last few years has brought the risks posed by fixed-term funding arrangements into sharp focus. States have had limited capacity to influence the continuation of expiring agreements and often there is little warning on whether funding will be continued. An early indication as to the continuation, lapse or other treatment of funding under expiring agreements is necessary to enable states to undertake effective service delivery and budgetary planning.

There are 14 agreements due to expire in 2017-18 or 2018-19. Funding will expire in 2017-18 for eight agreements, worth approximately \$212 million in 2017-18. There are six agreements where funding expires in 2018-19, worth approximately \$126 million in 2017-18.

The 2018-19 Commonwealth Budget provided no advice on renewal and/or funding for the National Partnership on Remote Housing following its expiry in 2017-18. Funding under this agreement improves housing outcomes by providing for new housing, housing refurbishments and housing-related infrastructure in Indigenous communities.

Further, short-term funding was announced for the National Partnership on Universal Access to Early Childhood Education until December 2019. This will be the sixth short-term extension for this agreement. Alongside this, no further funding to states was announced for the National Partnership on the National Quality Agenda for Early Childhood Education and Care following its expiry on 31 December 2018. The Commonwealth has committed to fund the Australian Children’s Education and Care Quality Authority (ACECQA) until 30 June 2020 to administer the National Quality Framework for Early Childhood Education and Care.

When the Australian Government decides to cease funding for expiring agreements, this presents a significant ongoing fiscal risk for states, with impacts on the quality and continuity of much needed services delivered to some of the most vulnerable members of the community.

7.6 State-local government financial relations

In 2018-19, the Queensland Government will provide a total of \$1.667 billion in grants to local governments. This includes financial assistance grants paid by the Australian Government through the State to local governments.

The Government is providing funding of \$3.2 million over four years to undertake implementation planning to improve and simplify the administration of grants to local government.

The Government is providing funding of \$1.3 million in 2018-19 to develop a new grants management system. This is to progress recommendations from the *Review of Grants to Local Government: Current and Future State Assessments* and is an important initiative to make the interaction of Queensland Government and local governments more efficient and more effective in serving the people of Queensland.

Table 7.3 Grants to local governments in Queensland^{1,2}

	2017-18 Est. Act. \$ million	2018-19 Budget \$ million
Aboriginal and Torres Strait Islander Partnerships	3	7
Environment and Science	38	61
Child Safety, Youth and Women	1	2
Communities, Disability Services and Seniors	63	60
Education	2	2
Natural Resources, Mines and Energy	33	—
Housing and Public Works	56	81
Innovation, Tourism Industry Development and the Commonwealth Games	31	2
Local Government, Racing and Multicultural Affairs ³	865	559
Premier and Cabinet	13	1
Queensland Ambulance Service	1	—
Queensland Fire and Emergency Services	2	2
State Development, Manufacturing, Infrastructure and Planning	382	544
Queensland Treasury	1	2
Transport and Main Roads	204	213
Other ⁴	26	132
Total Queensland Government grants	1,721	1,667

Notes:

- 1. Includes current, capital and asset grants to local government authorities and Aboriginal and Torres Strait Islander councils. Includes Australian Government grants paid through the state to local governments.
- 2. Numbers may not add due to rounding.
- 3. Decline in 2018-19 reflects prepayment of Financial Assistance Grants by the Australian Government in 2017-18.
- 4. Includes grants yet unallocated to government agencies and ceased entities following Machinery of Government changes.

Box 7.3 Grants to local governments

The Queensland Government allocates considerable funding in the State Budget to support local governments across the State. The Queensland Government acknowledges the shared responsibilities in serving the people of Queensland and the important role local governments play. A summary of grant programs available to local governments are listed below.

Grant programs exclusively available to local government

Program Name	Description	Total Funding (2015-16 onwards)	Funding Allocated	Funding Not Yet Allocated
Works for Queensland	Support local governments in regional areas to undertake job-creating maintenance and minor infrastructure works.	\$600 million	\$400 million	\$200 million
Transport Infrastructure Development Scheme	Provide targeted investment in regional local government transport infrastructure.	\$460 million	Committed through the <i>Roads and Transport Alliance</i> as annual allocations to 17 formalised groups of councils (Regional Roads and Transport Groups) to prioritise as rolling four-year programs of work.	
Building our Regions	Provide funding for critical infrastructure in regional areas to support economic development, including generating jobs.	\$295 million	\$225 million	\$70 million
Local Government Grants and Subsidies Program	Provide funding for priority infrastructure projects that will enhance sustainable and liveable communities.	\$29 million per annum	Ongoing funding	
Coastal Hazard Adaptation Program - QCoast ²¹⁰⁰	Assist coastal local governments to prepare plans and strategies for addressing climate change.	\$12 million	\$4.3 million	\$7.8 million
Queensland Water Regional Alliances Program	Assist regional councils to collaborate and improve efficiencies and administration around water infrastructure.	\$6 million	\$1.8 million	\$4.2 million

In addition to the above grant programs, the Government will be providing additional funding of \$38 million over four years from 2018-19 to establish the Disaster Resilience Fund. This fund will be administered by the Queensland Reconstruction Authority (QRA) and will be available to a range of organisations including local governments, to deliver mitigation and resilience projects. The QRA intends to seek matched funding from the Australian Government.

Funding is also made available to local governments under the Natural Disaster Relief and Recovery Arrangements which are a joint funding initiative of the State and Australian Governments to provide disaster relief and recovery payments to help communities recover following the effects of natural disasters.

The Government also understands there are added challenges faced by Indigenous local governments, which are often located in very remote areas of the State, to ensure their communities have access to essential services and critical infrastructure. In response, the Government has allocated substantial additional funding to specifically support Indigenous councils and their communities. A summary of grant programs available to Indigenous councils and their communities are listed below.

Grant programs to support Indigenous councils and their communities

Program Name	Description	Total Funding (2015-16 onwards)	Funding Allocated	Funding Not Yet Allocated
Indigenous Councils Critical Infrastructure Program	Contribute water, wastewater and solid waste infrastructure in Indigenous communities.	\$120 million	\$33.2 million	\$86.8 million
Major Infrastructure Program	Deliver environmental health and other infrastructure upgrades within the Torres Strait Island Regional Council, Torres Shire Council and Northern Peninsula Area Regional Council areas.	\$15 million	\$7.5 million	\$7.5 million
State Government Financial Aid	A financial contribution (in lieu of rates) to meet the costs incurred by Indigenous councils in the provision of local government services.	\$33.7 million per annum	Ongoing funding indexed by CPI	
Indigenous Local Government Sustainability Program (2016-18)	Assist Indigenous councils to increase their capacity, capability and sustainability.	\$8.2 million	\$7.6 million	\$550,000

8 Public Non-Financial Corporations Sector

Features

- The Queensland Government businesses operate commercially and efficiently and improve services to Queenslanders.
- The Government is supporting over \$3.130 billion of additional infrastructure investment through the Public Non-Financial Corporations Sector in 2018-19. This includes \$2.128 billion on electricity infrastructure, \$204.7 million on water infrastructure, \$181.2 million on port infrastructure and \$587.5 million on rail infrastructure.
- The Public Non-Financial Corporations Sector is forecast to generate dividends of \$1.435 billion in 2018-19. Importantly, dividends generated by the government-owned corporations will be used to fund an Asset Ownership Dividend which provides \$50 a year for every household electricity bill over 2017-18 and 2018-19. This initiative forms part of the \$2 billion Affordable Energy Plan, providing cost of living relief to Queenslanders.
- The Government continues to progress core energy policy proposals including the establishment of a clean energy government-owned corporation, progressing the business case for the Burdekin Falls Hydro Power Station and the Renewables 400 auction. Alongside diversifying the State’s energy generation mix to more renewable sources, these projects will help to drive greater competition, putting downward pressure on energy prices in Queensland.
- Energy Queensland Limited is preparing for the new regulatory control period 2020-25, through which the Australian Energy Regulator will determine allowable revenues for the Ergon Energy and Energex network businesses.
- In 2018-19, Queensland Rail is implementing a number of rail projects to improve the capacity and efficiency of the network, including the New Generation Rollingstock project, North Coast Line Capacity Improvement Project and European Train Control System – Inner City.
- The government-owned port corporations will continue to progress key projects in 2018-19 across the State. This includes progressing approvals for the Cairns Shipping Development Project, progressing the detailed business case and seeking approvals to commence works on the Clinton Vessel Interaction Project, progressing the Gladstone Port Master Plan and progressing works for the Channel Capacity Upgrade project at the Port of Townsville.
- The Rookwood Weir project presents an opportunity to supplement urban water supplies and enhance agricultural and industrial development in the Fitzroy Basin and Gladstone region. The Queensland Government and the Australian Government have both committed matching funding of \$176 million (\$352 million in total) to ensure the capital costs of the project are fully funded.

8.1 Context

A number of industries are covered by the Public Non-Financial Corporations (PNFC) Sector, including energy, rail, ports and water. Queensland’s government-owned corporations (GOCs), declared by regulation to be GOCs under the *Government Owned Corporations Act 1993* (GOC Act), make up a large part of the PNFC Sector. Also included in the sector are non-GOC entities, the Queensland Bulk Water Supply Authority (trading as Seqwater), Queensland Rail, local water boards and other public corporations.

GOCs are accountable for their financial performance and are required to be commercial and efficient organisations. These requirements are legislated under the GOC Act.

PNFC Sector entities provide services or commodities like other businesses. The entities incur costs and bear commercial risks in the delivery of their services or products and generate revenue from the sale of these services or products. The aim of these entities is to deliver vital services while achieving a commercial rate of return for the Government.

The returns to Government are used to pay for important community services such as hospitals, education and concession payments. In some cases, part of a PNFC entity’s revenue may arise from community service obligation (CSO) payments from the Government. These payments are used to subsidise a service or commodity provided by the entity, and allow it to be provided to the community at a lower price than it would be on a purely commercial basis. A key example of this is the CSO paid to Energy Queensland Limited to provide electricity in regional Queensland at prices based on the costs of supply in South East Queensland (SEQ), in accordance with the Government’s Uniform Tariff Policy. This ensures that electricity prices in regional Queensland are much lower than would otherwise be the case.

8.1.1 Electricity Networks

The Government owns two electricity network businesses that are responsible for transporting safe and reliable electricity to consumers across the State – Powerlink and Energy Queensland Limited (EQL).

Powerlink

Powerlink is a high-voltage transmission network business that transports electricity long distances from generation plants to the distribution networks and connects Queensland to other states. The electricity is transmitted at high voltages so that large volumes can travel efficiently over long distances.

To ensure mandated reliability levels are maintained as demand grows, Powerlink is obligated to plan and develop the network. Powerlink’s external environment has changed significantly in recent years with changes in consumer demand, market and regulatory changes, increasing complexity within the electricity market and the emergence of renewable energies and other technologies.

Energy Queensland Limited

On 30 June 2016, Energex and Ergon Energy were merged under the parent company, EQL. EQL owns and operates the low-voltage distribution network that transports electricity from Powerlink’s transmission network and distributes it to households and businesses across Queensland. Ergon Energy Network provides the distribution network in regional Queensland and Ergon Energy Retail offers its customers retail services in regional Queensland. Energex provides distribution network services to customers within SEQ.

EQL, through its subsidiary Yurika, is also involved in a range of other service delivery functions including demand management services, large-scale connections, microgrid solutions, the provision of contestable metering services and telecommunications infrastructure. Yurika is focussed on pursuing strategic investments in unregulated markets to provide greater choice to customers and provide EQL an enhanced ability to respond to emerging trends.

When the Government announced the merger of Energex and Ergon Energy under EQL, it was estimated that through the merger and other efficiencies, savings of \$562 million were to be generated over five years. These savings will deliver benefits to both Government and electricity consumers, through improved returns from the business, and by putting downward pressure on electricity prices. EQL is on track to reach the savings target by 2019-20.

Network Revenues

Revenues for the network businesses are largely derived from network services that are regulated by the Australian Energy Regulator (AER). The AER determines these revenues on a five-yearly basis, based on the businesses’ proposals and its view of the reasonable benchmark efficient costs for a network business.

The AER published Powerlink’s revenue determination in April 2017 for the 2017-22 regulatory control period, which resulted in a significant reduction in allowable revenues for the business. On 31 October 2017, the Energex and Ergon Energy network businesses formally submitted to the AER a request to develop a replacement framework and approach to apply for the next regulatory control period 2020-25. EQL will continue to consult and develop its regulatory proposals over 2018 and 2019 for submission to the AER.

8.1.2 Electricity Generation

The National Electricity Market (NEM) continues to experience significant change. The Government has and will continue to act to ensure wholesale prices in Queensland remain affordable for customers.

The Powering Queensland Plan includes a number of measures to put downward pressure on wholesale prices, including returning Swanbank E to service, directing Stanwell to alter its bidding strategies, and investigating the establishment of a clean energy generator to boost competition.

Queensland has already seen the benefits of these initiatives, with forward wholesale prices in Queensland remaining the lowest in the NEM and Queensland having the lowest wholesale market spot prices over the recent summer despite record peak demand being exceeded.

CS Energy

CS Energy is a merchant electricity generator that sells electricity in the NEM under the *Electricity Act 1994*. CS Energy has more than 400 employees, operates three power stations and has a trading portfolio of 4,035MW. CS Energy dispatches over 30 per cent of Queensland’s electricity and slightly over 10 per cent of all electricity supplied to the NEM.

CS Energy’s diverse asset portfolio comprises coal-fired and hydroelectric power stations, electricity trading rights and coal assets. CS Energy owns and operates the Callide B, Kogan Creek and Wivenhoe power stations, and has a 50 per cent interest in the Callide C Power Station, where it provides operations and maintenance services. CS Energy is also a party to the Gladstone Interconnection and Power Pooling Agreement, which entitles it to trade the output of the Gladstone Power Station that exceeds the requirements of the Boyne Island aluminium smelter.

CS Energy’s joint venture with Alinta Energy continues to provide SEQ customers with discounted usage charges. As at early June 2018, almost 180,000 customers have signed up with Alinta Energy. The joint venture has successfully boosted competition in SEQ with many other retailers responding with lower electricity prices.

Stanwell

Stanwell is one of Australia’s largest energy providers, with a diversified portfolio of coal, gas and hydro assets totalling 4,000MW of installed capacity. It employs over 800 staff across Queensland. Stanwell dispatches over 30 per cent of Queensland’s electricity and slightly over 10 per cent of all electricity supplied to the NEM.

Box 8.1 Clean Energy Leader

Queensland is in a strong position to deliver reliable, affordable energy with the right mix of baseload and renewable generation capacity. The Government is committed to reaching the 50 per cent Queensland Renewable Energy Target (QRET) by 2030 and providing a two-year cap on electricity price rises to average inflation.

Under its Powering Queensland Plan (PQP), the Government continues to ensure affordable, secure and sustainable energy supply for Queensland homes, businesses and industry. This includes continuing to remove the costs of the Solar Bonus Scheme from customer bills over 2018-19 and 2019-20.

As part of the PQP, the Government committed to investigate the creation of a clean energy generation government-owned corporation (CleanCo). CleanCo will assist in meeting the QRET by 2030, increase competition and help to put downward pressure on wholesale electricity prices, delivering benefits to customers. During 2017-18, the Government established a taskforce to investigate the establishment of CleanCo and will continue to investigate and engage with stakeholders across 2018-19 to deliver on its commitment.

As part of the 2017-18 State Budget, the Government announced the reinvestment of \$100 million towards the Burdekin Falls Hydro Power Station and \$150 million towards the North Queensland Clean Energy Hub, subject to feasibility investigations. Work continues to progress on these projects to ensure the best possible outcome for Queenslanders.

During 2017-18, the Queensland Government announced the \$2 billion Affordable Energy Plan. The Affordable Energy Plan includes a \$50 annual Asset Ownership Dividend to provide bill relief for households over 2017-18 and 2018-19. The initiative has been made possible due to Queensland’s ownership of its electricity assets, enabling the Government to reinvest GOC dividends in a concerted effort to improve affordability. The Affordable Energy Plan also provides benefits to large customers. Initiatives such as the Large Customer Assistance Program and the Energy Savers Plus Program Extension look to assist large customers with increasing energy efficiency and electricity savings.

Queensland has experienced significant growth in the renewable energy sector over the previous two years. Queensland has many large-scale renewable projects under construction, forming part of the \$4.2 billion worth of committed projects set to deliver approximately 2,200MW of generation capacity by the end of 2019. These works will generate over 3,500 construction jobs, and put Queensland on track to achieve its 50 per cent renewable energy target by 2030.

The Government is also running the Renewables 400 reverse auction to facilitate the next wave of up to 400MW of diversified renewable energy, including up to 100MW of energy storage.

The Queensland Government will spend \$97 million over three years to install solar and energy efficiency measures in approximately 800 state schools. The Advancing Clean Energy Schools (ACES) program will help Queensland schools cut their combined power bill by up to 20 per cent and save an estimated \$10.2 million per year. The ACES program will also boost Queensland’s progress towards the 50 per cent renewables target by 2030.

8.1.3 Rail

Queensland Rail is an integrated, publicly-owned rail operator, responsible for the delivery of passenger transport in SEQ, long distance passenger services in rural and regional Queensland and provision of third party access to networks for freight transport across the state.

The majority of Queensland Rail’s services are delivered under a Rail Transport Services Contract (TSC) between the Government, represented by the Department of Transport and Main Roads, and Queensland Rail. The Rail TSC provides funding for rail infrastructure, Citytrain (SEQ passenger services) and Traveltrain (regional passenger services).

In 2018-19, Queensland Rail is implementing a number of rail projects which will improve the capacity and efficiency of the network, including the New Generation Rollingstock project, North Coast Line Capacity Improvement project and European Train Control System (ETCS) – Inner City.

The New Generation Rollingstock project will see a significant increase to the SEQ train fleet to meet growing demand for rail services. ETCS – Inner City is a rail signalling and train protection system which will boost the capacity and safety of the inner-city rail network.

8.1.4 Ports

Queensland has a large network of ports along its coastline, ranging from small installations serving local communities to large, world class multi-user and multi-cargo ports, which have public and privately-owned import and export facilities. Apart from the Port of Brisbane, the port authorities responsible for all of Queensland’s ports are owned and run by GOCs. Queensland’s ports are a major component of the State’s supply chain networks and economy, and their efficient and profitable operation is essential for continued economic growth, job creation, and sustainable development in the State.

The port sector’s financial performance is influenced by the condition of the Queensland economy, particularly in terms of demand abroad for Queensland’s natural resources and agricultural products. Queensland ports continue to look to further enhance supply chain efficiency and identify new markets to improve financial outcomes and stimulate the economy.

Key projects that will be progressed in 2018-19 include:

- progressing approvals for the Cairns Shipping Development Project
- progressing the detailed business case and seeking approvals to commence works on the Clinton Vessel Interaction Project
- progressing the final Gladstone Port Master Plan and overlay documentation
- progressing works for the Channel Capacity Upgrade project at the Port of Townsville.

8.1.5 Water

The two largest entities in the Queensland bulk water market are the Queensland Bulk Water Supply Authority (trading as Seqwater) and SunWater Limited (SunWater).

Seqwater

Seqwater is responsible for supplying safe, secure and reliable bulk drinking water for people across SEQ. Its assets and operations spread across a large geographic area from the New South Wales border, to the base of the Toowoomba ranges and as far north as Gympie. Seqwater provides essential flood mitigation services, and manages seven water supply schemes which provide irrigation services.

Seqwater’s revenue primarily comes from bulk water sales, with prices determined by the SEQ bulk water price path. In 2008, a 20-year bulk water price path was developed to phase in affordable price increases to fund the construction of the SEQ Water Grid and transition all Local Government Areas in SEQ to a ‘common price’. During the first 10-years of the price path it was anticipated that bulk water prices would not recover the costs of bulk water supply, which resulted in Seqwater selling bulk water at a loss, with the shortfall funded by borrowings (the resulting debt is known as ‘price path debt’). The following 10-years of the price path will see this debt repaid.

Most Local Government Areas in SEQ reached the common price in 2017-18, with the remaining Local Government Areas of Noosa, the Sunshine Coast, and Redland City to reach the common price by 2020-21.

The Queensland Competition Authority has conducted a Bulk Water Price Review to recommend urban bulk water prices for SEQ to apply from 1 July 2018. The final report was delivered to Government in March 2018.

Seqwater has maintained a positive operating position since the merger with the SEQ Water Grid Manager, LinkWater and the former Seqwater on 1 January 2013. Seqwater continues to set improved operational and capital efficiency targets to deliver value for money for customers.

SunWater

SunWater is the Government’s major bulk water supply business for all regions outside of SEQ. It supplies untreated bulk water to approximately 5,000 customers across the industrial, mining, urban and irrigation customer segments. SunWater provides this through an extensive regional asset base, owning and managing water infrastructure assets with a replacement value of around \$13 billion.

Dam safety is a major focus for SunWater as it is for all bulk water suppliers. SunWater commenced a prioritised Dam Safety Improvement Program (DSIP) in 2005 to ensure that dam safety is maintained. The DSIP is regularly reviewed to ensure highest priority projects are addressed first.

The DSIP is an essential program to ensure the safety and stability of dams and the ongoing safety of downstream communities, and SunWater must undertake dam safety work to meet its obligations under Queensland dam safety regulations. However, it is also likely to significantly influence SunWater’s financial performance and net flows to the Government over the forward estimates period and beyond.

Key projects that will be progressed in 2018-19 include:

- Fairbairn Dam spillway improvements and rectification works
- progressing works for the Teemburra Dam safety improvement project
- strengthening the monoliths ‘D’ and ‘K’ within the primary spillway of Paradise Dam and undertaking secondary spillway improvements
- progressing works for the Leslie Dam safety improvement project.

Box 8.2 Rookwood Weir

The Rookwood Weir project presents an opportunity to supplement urban water supplies and enhance agricultural and industrial development in the Fitzroy Basin and Gladstone region. The weir could add 76,000 megalitres of water for agricultural production along the Fitzroy River, as well as an eventual back-up supply for Gladstone, Rockhampton and Livingstone Shire. The project is also expected to create 100 jobs in regional Queensland during construction.

Significant steps have been taken through the year toward the construction of Rookwood Weir. During 2017-18, Building Queensland publicly released the detailed business case and Queensland welcomed the Australian Government’s matching commitment to fund half of the construction costs amounting to \$176 million.

The State has allocated matching funding across the next four years. This means that the capital costs of \$352 million for the project are fully funded.

It is expected that SunWater will be constructing and operating the weir and preparatory activities are already underway.

The Queensland Government continues to engage with the Australian Government to formalise the details of the arrangement and to agree an appropriate split of operational costs for the Rookwood Weir so that construction can begin.

8.2 Finances and Performance

8.2.1 Earnings Before Interest and Tax

Total forecast PNFC Sector earnings before interest and tax (EBIT) for 2017-18 are estimated to be \$4.476 billion, up from \$4.053 billion forecast at the time of the 2017-18 State Budget. This increase is primarily due to increases in the electricity network and electricity generation sectors, driven in part by favourable wholesale energy market conditions, higher than budgeted regulated revenue collections, and operational business and procurement savings.

Over the forward estimates, total PNFC Sector EBIT is expected to decrease to \$3.621 billion in 2021-22. Relative to 2016-17, EBIT in the energy sector (networks and generation) is estimated to fall by almost 30 per cent by 2018-19 and 38 per cent by 2021-22.

The decrease in electricity generation EBIT over the forward estimates is primarily driven by forecast reductions in wholesale generation revenues as new renewable entrants enter the wholesale market, adding increased competition.

Electricity network EBIT drops from \$2.331 billion in 2017-18 to \$1.899 billion in 2018-19 in line with a declining forecast of regulated revenue collections. Similarly, movement in electricity network EBIT over the forward estimates is influenced by forecasts of regulated revenue collections for the network businesses.

Water sector EBIT is expected to reach \$573 million in 2019-20, largely reflecting the upwards trend associated with the SEQ bulk water price path. Water sector EBIT is revised downwards from 2020-21 in recognition of the increased spend by SunWater associated with dam safety upgrades.

Port sector EBIT is expected to trend steadily upwards over the forward estimates, driven by increased activity and forecast increased tonnage volumes.

Table 8.1 Earnings before interest and tax¹

	2016-17 Actual \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Electricity Networks	2,888	2,064	2,331	1,899	1,914	1,937	1,965
Electricity Generation	1,241	1,070	1,230	1,009	804	695	598
Rail	328	291	304	325	326	365	389
Ports	206	188	178	203	248	251	266
Water	470	438	477	556	573	540	414
Other	36	1	(44)	(16)	(10)	(11)	(10)
Total PNFC Sector	5,169	4,053	4,476	3,976	3,855	3,777	3,621

Note:

1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.

8.2.2 Borrowings

Entities in the PNFC Sector utilise debt financing as a source of funds for asset renewal and capital investments, and to maintain an optimum capital structure.

PNFC Sector entities are required to take a prudent and sound approach to the management of debt, including the establishment of borrowing arrangements which are appropriate to the business risk of the organisation. These arrangements take into account the appropriateness of the proposed capital expenditure program, together with the implications of the borrowings for key financial and performance related indicators.

Total forecast PNFC Sector borrowings for 2017-18 are estimated to be \$38.135 billion. Forecast borrowings are expected to increase to \$40.802 billion by 2021-22. The increase in borrowings over the forward estimates is primarily driven by the rail and electricity network businesses.

Electricity network borrowings are forecast to increase over the forward estimates in line with growth in the regulated asset base. Rail sector borrowings are expected to increase in line with the Queensland Rail capital program.

Port sector borrowings are forecast to steadily increase over the forward estimates to fund new capital works and infrastructure projects, primarily at the Port of Townsville.

Borrowings in the water sector are largely attributable to Seqwater, which holds around \$9.4 billion of debt. The debt balance is the result of the large investment in water infrastructure in response to the Millennium Drought and the associated price path. Seqwater’s forecast borrowings are stable across the forward estimates.

The gearing levels of all GOCs continue to be monitored to ensure that they maintain metrics that are at a minimum consistent with an investment grade credit rating.

Table 8.2 Borrowings¹

	2016-17 Actual \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Electricity Networks	21,702	21,689	21,702	22,252	22,722	23,215	23,738
Electricity Generation	2,593	1,580	1,864	1,602	1,588	1,585	1,585
Rail	3,310	4,061	3,498	3,617	3,902	4,200	4,439
Ports	1,054	997	1,064	1,086	1,142	1,175	1,198
Water	9,955	9,846	9,992	10,005	10,017	10,014	9,878
Other ²	29	57	14	(2)	(18)	(27)	(36)
Total PNFC Sector	38,644	38,231	38,135	38,560	39,353	40,162	40,802

Notes:

- 1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.
- 2. Includes derivative adjustments for the energy GOC’s.

8.2.3 Returns to Government

PNFC Sector entities provide returns to Government by way of dividends and current tax equivalent payments.

Dividends

A GOC’s dividend policy is agreed with shareholding Ministers as part of the Statement of Corporate Intent for the relevant period. A Statement of Corporate Intent represents a performance contract between the shareholding Ministers and a GOC board, with the board being accountable to shareholding Ministers for meeting financial and non-financial performance targets and delivering on the outcomes detailed in the Statement of Corporate Intent.

When establishing the dividend policy for the period, a GOC board is expected to ensure it takes into account the return shareholders expect on their investments and the levels of equity required to maintain a preferred capital structure. The final dividend payment is determined in accordance with the GOC Act.

Total forecast PNFC Sector dividends for 2017-18 are estimated to be \$1.819 billion, up from the \$1.395 billion forecast in the 2017-18 State Budget. This increase in dividends has been driven by increased earnings from the electricity generation and electricity network businesses, which have benefited from favourable wholesale energy market conditions, higher than budgeted regulated revenue collections, and operational business and procurement savings. However, this is a temporary boost.

Importantly, the Government intends to use GOC dividend returns to help fund the \$50 annual Asset Ownership Dividend which provides electricity bill relief for households over 2017-18 and 2018-19. The Asset Ownership Dividend forms part of the \$2 billion Affordable Energy Plan which includes various initiatives aimed at making energy more affordable for households and businesses.

Lower profits from the GOC sector across the forward estimates are translating into much lower dividends. Relative to 2017-18, dividends are estimated to fall by 21 per cent by 2018-19 and by almost 40 per cent by 2021-22, with PNFC sector dividends projected to decrease to \$1.108 billion in 2021-22. This reduction is being driven by the electricity sector, with electricity dividends halving across the forward estimates.

Electricity network dividends are expected to drop from \$948 million in 2017-18 to \$618 million in 2018-19, and are forecast to continue to decline over the forward estimates. Movements in electricity network dividends are influenced by forecasts of regulated revenue collections for the network businesses.

It is highlighted that the Government directed Energex and Ergon Energy to not appeal the Australian Energy Regulator’s (AER) determination in 2015. In the absence of this decision, the returns from the network sector would have been higher, resulting in a higher dividend baseline.

Electricity generation dividends are expected to decline over the forward estimates in line with the reduction in generation earnings as renewable generation alternatives enter the market.

The decline in water sector dividends in 2020-21 and 2021-22 reflects the increased costs associated with dam safety upgrades.

Table 8.3 Dividends¹

	2016-17 Actual \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Electricity Networks	1,083	716	948	618	554	507	471
Electricity Generation	383	463	645	535	457	387	320
Rail	101	92	100	134	150	162	176
Ports	72	86	80	94	126	127	136
Water	8	28	36	55	36	5	5
Other	—	10	10	—	—	—	—
Total PNFC Sector	1,647	1,395	1,819	1,435	1,323	1,188	1,108

Note:

1. Numbers may not add due to rounding.

Tax Equivalent Payments

Tax equivalent payments (TEPs) are paid by the PNFC Sector entities to recognise the benefits derived from not being liable to pay Australian Government tax. The primary objective of the payment is to promote competitive neutrality, through a uniform application of income tax laws between the government-owned entities and their privately held counterparts.

Total forecast PNFC Sector TEPs for 2017-18 are estimated to be \$770 million, up from the projected \$572 million in the 2017-18 State Budget. This is largely driven by the increased profitability experienced by the electricity generation and electricity network sectors.

As TEPs generally move in line with earnings, TEPs are forecast to decrease from \$770 million in 2017-18 to \$499 million in 2021-22.

Table 8.4 Tax equivalent payments¹

	2016-17 Actual \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Electricity Networks	556	324	417	290	265	244	229
Electricity Generation	190	154	249	236	234	215	164
Rail	29	39	44	47	37	32	29
Ports	47	37	41	51	66	66	69
Water	19	11	13	3	18	2	3
Other	3	7	5	5	5	5	5
Total PNFC Sector	844	572	770	630	626	564	499

Note:

- 1. Numbers may not add due to rounding.

Competitive Neutrality Fees

In accordance with the National Competition Policy principles, GOCs are expected to operate on the basis that they do not experience significant advantages or disadvantages by virtue of their Government ownership. One of the most significant advantages available to GOCs is the ability to borrow funds at a lower rate than private sector competitors on the basis of the State Government’s credit strength.

In order to account for this advantage, the Competition Principles Agreement requires a notional charge to be applied to a GOC’s cost of debt. A competitive neutrality fee (CNF) is thus applied to all borrowings and financial arrangements in the nature of debt obligations. In general, changes in CNF payments reflect movements in borrowing amounts, interest rate spreads and the entity’s stand-alone credit rating.

Total forecast PNFC Sector CNF payments for 2017-18 are estimated to be \$139 million, \$11 million higher than the \$128 million forecast in the 2017-18 State Budget. CNF payments are forecast to increase from \$139 million in 2017-18 to \$206 million in 2021-22.

Table 8.5 Competitive neutrality fee payments¹

	2016-17 Actual \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Electricity Networks	48	59	69	84	102	122	141
Electricity Generation	21	22	20	17	15	16	16
Rail	33	32	34	32	33	34	35
Ports	9	11	12	11	11	11	11
Water	4	5	5	5	5	5	5
Total PNFC Sector	115	128	139	150	166	187	206

Note:

1. Numbers may not add due to rounding.

8.2.4 Community Service Obligation and Rail Transport Services Contract Payments

The Government sometimes directs or requires its businesses to perform activities that are not in the entity’s commercial interest (for example, offering services at a reduced price to benefit the community). In these situations, the Government will often provide a Community Service Obligation (CSO) payment to the entity for the cost of delivering the service.

Transport Services Contract (TSC) payments are made to Queensland Rail to provide rail passenger services at non-commercial (subsidised) prices for the commuter and tourism markets.

In line with the Queensland Government’s Uniform Tariff Policy, a CSO payment is provided to Energy Queensland Limited to compensate the retail subsidiary for the increased costs of operating in regional Queensland. This subsidy is provided to ensure that Queenslanders, regardless of their geographic location, pay a similar price for their electricity.

Seqwater and SunWater own and operate water supply schemes, where irrigation prices for some schemes are set below the level necessary to recover the cost of supplying water to irrigators. The Government provides a CSO to offset the reduced revenue and to ensure that increases in water prices paid by rural irrigation customers to recover costs are gradual.

Total forecast PNFC Sector CSO and TSC payments for 2017-18 are estimated to be \$2.142 billion, slightly lower than the \$2.209 billion forecast at the time of the 2017-18 State Budget.

In 2018-19, it is estimated that the Government will provide CSO and TSC payments to PNFC Sector entities of \$2.270 billion. This is forecast to increase to \$2.501 billion in 2021-22, largely driven by the TSC. The increase in the TSC is due to a mix of factors such as changes in patronage, escalation of service delivery costs and forecast growth in services.

The CSO for the water sector will be determined from 2019-20, following the Queensland Competition Authority’s review of irrigation prices.

Table 8.6 Community service obligation payments and Transport Services Contracts¹

	2016-17 Actual \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Electricity Networks	603	488	488	462	498	493	515
Rail	1,576	1,710	1,643	1,797	1,822	1,903	1,985
Water	13	11	11	11	—	—	—
Total PNFC Sector	2,191	2,209	2,142	2,270	2,320	2,397	2,501

Note:

1. Numbers may not add due to rounding.

8.2.5 Net Flows

Net flows represent the net value of flows to and from the PNFC Sector. This includes the positive effect of dividends and tax equivalent payments less the negative effect of CSO and TSC payments.

In contrast to the forecast in the 2017-18 State Budget, net flows to Government are expected to be positive in 2017-18, driven by upwards revisions in dividends and TEPs, particularly in the electricity sector (networks and generation).

Net flows are expected to be negative over the forward estimates. Key contributors to the deteriorating net flow position include the increasing TSC payment and declining dividend projections for the energy generation and electricity network sectors.

Table 8.7 Net flows to the General Government Sector from PNFC Sector entities¹

	2016-17 Actual \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Total PNFC Sector	299	(242)	447	(204)	(371)	(644)	(894)

Note:

1. Numbers may not add due to rounding. Bracketed numbers represent a net flow from the General Government Sector to the PNFC Sector.

8.2.6 Equity Movements

The levels and weightings of GOC debt and equity are managed by the Government to maintain an optimal and efficient capital structure. Corporations may have different target capital structures for different business entities or to support expected capital programs and projects.

Total forecast PNFC Sector equity movements for 2017-18 are estimated to be an equity reduction of \$60 million.

Equity movements across the forward estimates are primarily influenced by the electricity networks sector. These equity movements reflect changes to ensure an efficient level of gearing is maintained for Energy Queensland Limited and Powerlink.

In 2018-19, Port of Townsville will receive an equity injection of \$60 million to undertake works associated with the Channel Capacity Upgrade project.

In 2018-19, Queensland Rail will receive an equity injection of \$460 million in relation to the Moreton Bay Rail Link project, which was constructed by the Department of Transport and Main Roads but will be transferred to Queensland Rail as the rail operator.

In 2019-20, SunWater will receive an equity injection of \$100 million to undertake essential dam safety upgrades at Burdekin Falls Dam, and to develop a detailed business case for improvement, to ensure the dam continues to meet current best practice standards.

Table 8.8 Equity movements¹

	2016-17 Actual \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Electricity Networks	(160)	(20)	(50)	(110)	(190)	(545)	(510)
Electricity Generation	—	—	—	—	—	—	—
Rail	—	18	(5)	460	—	—	—
Ports	(110)	—	—	60	—	—	—
Water	—	—	(5)	(4)	100	—	—
Other	10	—	—	—	—	—	—
Total PNFC Sector	(260)	(1)	(60)	406	(90)	(545)	(510)

Note:

1.
- Numbers may not add due to rounding. Bracketed numbers represent equity returns from the PNFC Sector to the General Government Sector.

9 Uniform Presentation Framework

9.1 Context

This chapter contains detailed financial statements for the Queensland Public Sector prepared under the Uniform Presentation Framework (UPF) of reporting as required under the Australian Loan Council arrangements.

The UPF was reviewed following the release in October 2007 of the Australian Accounting Standards Board’s (AASB) accounting standard, AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The standard aims to harmonise Government Finance Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) with the objective of improving the clarity and transparency of government financial statements.

In addition, the chapter provides:

- a reconciliation of the General Government Sector net operating balance to the accounting operating result
- a time series for the General Government Sector using the revised UPF
- details of General Government Sector grant revenue and expenses
- details of General Government Sector dividend and income tax equivalent income
- data on General Government Sector expenses and purchases of non-financial assets by function
- details of taxation revenue collected by the General Government Sector
- details of contingent liabilities
- background information on the revised UPF and disclosure differences arising from it, including the conceptual basis, sector definitions and a list of reporting entities.

9.2 Uniform Presentation Framework financial information

The tables on the following pages present operating statements, balance sheets and cash flow statements prepared on a harmonised basis for the General Government, Public Non-financial Corporations (PNFC) and Non-financial Public Sectors.

Under the UPF requirements, budgeted financial information for the Public Financial Corporations sector is not included.

Budget Strategy and Outlook 2018-19

Table 9.1 General Government Sector Operating Statement¹

		2016-17 Outcome \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
	Revenue from Transactions							
	Taxation revenue	12,919	13,298	13,284	14,155	15,184	15,951	16,722
	Grants revenue	27,383	27,631	28,481	27,701	28,156	29,062	30,387
	Sales of goods and services	5,642	6,067	5,861	5,731	5,947	6,074	6,306
	Interest income	2,336	2,330	2,323	2,201	2,078	1,861	1,855
	Dividend and income tax equivalent income	2,690	2,057	2,686	2,217	2,075	1,910	1,787
	Other revenue	5,222	4,487	5,623	5,733	5,395	5,083	5,212
	Total Revenue from Transactions	56,194	55,869	58,259	57,738	58,835	59,939	62,269
<i>Less</i>	Expenses from Transactions							
	Employee expenses	21,258	22,420	22,838	23,807	24,645	25,541	26,466
	Superannuation expenses							
	Superannuation interest cost	514	600	665	667	717	774	778
	Other superannuation expenses	2,661	2,753	2,819	2,887	2,933	2,957	3,001
	Other operating expenses	15,582	17,037	17,382	15,774	15,119	15,291	15,745
	Depreciation and amortisation	3,068	3,093	3,330	3,429	3,543	3,650	3,776
	Other interest expenses	1,722	1,706	1,616	1,474	1,643	1,691	1,794
	Grants expenses	8,568	8,114	8,096	9,552	10,075	9,926	10,019
	Total Expenses from Transactions	53,373	55,723	56,747	57,590	58,675	59,829	61,579
<i>Equals</i>	Net Operating Balance	2,821	146	1,512	148	160	110	690
<i>Plus</i>	Other economic flows - included in operating result	381	(75)	(91)	85	202	483	398
<i>Equals</i>	Operating Result	3,202	71	1,421	233	363	593	1,088
<i>Plus</i>	Other economic flows - other movements in equity	(176)	3,785	3,329	2,717	2,776	1,733	1,326
<i>Equals</i>	Comprehensive Result - Total Change In Net Worth	3,027	3,856	4,750	2,950	3,139	2,326	2,414
KEY FISCAL AGGREGATES								
	Net Operating Balance	2,821	146	1,512	148	160	110	690
<i>Less</i>	Net Acquisition of Non-financial Assets							
	Purchases of non-financial assets	4,634	5,123	4,905	5,927	7,557	7,396	7,081
<i>Less</i>	Sales of non-financial assets	389	392	227	345	373	343	165
<i>Less</i>	Depreciation	3,068	3,093	3,330	3,429	3,543	3,650	3,776
<i>Plus</i>	Change in inventories	5	73	32	(4)	(67)	(74)	6
<i>Plus</i>	Other movements in non-financial assets	1,103	797	735	1,032	467	180	180
<i>Equals</i>	Total Net Acquisition of Non-financial Assets	2,285	2,508	2,115	3,181	4,042	3,510	3,326
<i>Equals</i>	Fiscal Balance	536	(2,363)	(604)	(3,033)	(3,881)	(3,400)	(2,636)

Note:

1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.

Budget Strategy and Outlook 2018-19

Table 9.2 Public Non-financial Corporations Sector Operating Statement¹

		2016-17 Outcome \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
	Revenue from Transactions							
	Grants revenue	1,491	647	610	632	640	636	659
	Sales of goods and services	12,712	10,950	12,141	11,718	11,627	11,944	12,131
	Interest income	45	37	63	52	50	58	59
	Dividend and income tax equivalent income	15	14	13	13	13	13	13
	Other revenue	381	300	477	318	298	250	259
	Total Revenue from Transactions	14,644	11,948	13,303	12,733	12,628	12,900	13,121
<i>Less</i>	Expenses from Transactions							
	Employee expenses	1,654	1,925	1,909	1,981	2,030	2,034	2,077
	Superannuation expenses							
	Superannuation interest cost	(4)	—	—	—	—	—	—
	Other superannuation expenses	241	155	151	164	169	173	177
	Other operating expenses	4,286	3,388	4,275	4,032	3,784	3,996	4,102
	Depreciation and amortisation	2,382	2,575	2,470	2,618	2,708	2,749	2,828
	Other interest expenses	2,030	1,952	1,881	1,908	1,988	2,078	2,155
	Grants expenses	791	21	27	22	22	23	23
	Other property expenses	849	578	773	637	632	571	506
	Total Expenses from Transactions	12,229	10,594	11,486	11,361	11,332	11,625	11,866
<i>Equals</i>	Net Operating Balance	2,415	1,354	1,817	1,372	1,296	1,275	1,255
<i>Plus</i>	Other economic flows - included in operating result	(176)	57	(58)	(29)	(52)	(144)	(289)
<i>Equals</i>	Operating Result	2,239	1,412	1,759	1,343	1,244	1,131	966
<i>Plus</i>	Other economic flows - other movements in equity	(1,572)	60	(1,120)	(532)	(905)	(1,211)	(1,076)
<i>Equals</i>	Comprehensive Result - Total Change In Net Worth	666	1,472	639	810	338	(80)	(110)
	KEY FISCAL AGGREGATES							
	Net Operating Balance	2,415	1,354	1,817	1,372	1,296	1,275	1,255
<i>Less</i>	Net Acquisition of Non-financial Assets							
	Purchases of non-financial assets	2,708	2,866	2,751	3,130	3,229	3,126	3,097
<i>Less</i>	Sales of non-financial assets	71	46	46	11	8	8	6
<i>Less</i>	Depreciation	2,382	2,575	2,470	2,618	2,708	2,749	2,828
<i>Plus</i>	Change in inventories	4	3	(44)	35	(0)	4	9
<i>Plus</i>	Other movements in non-financial assets	68	68	73	68	69	70	71
<i>Equals</i>	Total Net Acquisition of Non-financial Assets	327	316	263	604	582	443	343
<i>Equals</i>	Fiscal Balance	2,088	1,038	1,554	767	713	832	913

Note:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.

Budget Strategy and Outlook 2018-19

Table 9.3 Non-financial Public Sector Operating Statement¹

		2016-17 Outcome \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
	Revenue from Transactions							
	Taxation revenue	12,685	13,062	13,040	13,892	14,902	15,645	16,394
	Grants revenue	27,415	27,722	28,519	27,788	28,244	29,151	30,477
	Sales of goods and services	16,545	15,025	16,082	15,353	15,433	15,778	16,128
	Interest income	2,381	2,367	2,342	2,219	2,099	1,893	1,887
	Dividend and income tax equivalent income	215	103	109	164	139	170	193
	Other revenue	5,598	4,786	6,098	6,051	5,693	5,333	5,471
	Total Revenue from Transactions	64,840	63,066	66,192	65,467	66,510	67,970	70,550
<i>Less</i>	Expenses from Transactions							
	Employee expenses	22,809	24,249	24,655	25,688	26,571	27,469	28,434
	Superannuation expenses							
	Superannuation interest cost	510	600	665	667	717	774	778
	Other superannuation expenses	2,902	2,908	2,970	3,051	3,102	3,129	3,178
	Other operating expenses	18,042	18,428	19,728	17,703	16,755	17,040	17,530
	Depreciation and amortisation	5,450	5,668	5,800	6,047	6,251	6,399	6,604
	Other interest expenses	3,637	3,530	3,313	3,198	3,437	3,558	3,717
	Grants expenses	7,900	7,579	7,550	9,029	9,545	9,402	9,473
	Total Expenses from Transactions	61,251	62,961	64,682	65,383	66,377	67,772	69,713
<i>Equals</i>	Net Operating Balance	3,589	105	1,510	84	133	197	837
<i>Plus</i>	Other economic flows - included in operating result	45	(37)	(199)	(54)	(39)	(207)	(401)
<i>Equals</i>	Operating Result	3,634	67	1,311	31	93	(9)	436
<i>Plus</i>	Other economic flows - other movements in equity	(608)	3,789	3,439	2,920	3,045	2,335	1,979
<i>Equals</i>	Comprehensive Result - Total Change In Net Worth	3,027	3,856	4,750	2,950	3,139	2,326	2,414
KEY FISCAL AGGREGATES								
	Net Operating Balance	3,589	105	1,510	84	133	197	837
<i>Less</i>	Net Acquisition of Non-financial Assets							
	Purchases of non-financial assets	7,305	7,989	7,656	9,057	10,786	10,523	10,177
<i>Less</i>	Sales of non-financial assets	460	438	273	356	381	351	171
<i>Less</i>	Depreciation	5,450	5,668	5,800	6,047	6,251	6,399	6,604
<i>Plus</i>	Change in inventories	10	77	(12)	31	(67)	(69)	15
<i>Plus</i>	Other movements in non-financial assets	1,171	865	809	1,100	536	251	252
<i>Equals</i>	Total Net Acquisition of Non-financial Assets	2,576	2,825	2,379	3,785	4,624	3,953	3,668
<i>Equals</i>	Fiscal Balance	1,013	(2,720)	(869)	(3,701)	(4,491)	(3,756)	(2,831)

Note:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.

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Table 9.4 General Government Sector Balance Sheet¹

	<u>2016-17 Outcome \$ million</u>	<u>2017-18 Budget \$ million</u>	<u>2017-18 Est. Act. \$ million</u>	<u>2018-19 Budget \$ million</u>	<u>2019-20 Projection \$ million</u>	<u>2020-21 Projection \$ million</u>	<u>2021-22 Projection \$ million</u>
Assets							
Financial Assets							
Cash and deposits	1,069	548	579	303	285	228	338
Advances paid	678	831	630	703	695	751	812
Investments, loans and placements	33,633	32,301	32,655	30,306	29,078	28,957	28,817
Receivables	4,926	4,190	4,523	4,182	4,218	4,480	4,375
Equity							
Investments in other public sector entities	21,866	22,787	23,002	23,812	24,151	24,071	23,961
Investments - other	154	156	154	154	154	154	154
Total Financial Assets	62,327	60,814	61,544	59,460	58,581	58,642	58,458
Non-financial Assets							
Land and other fixed assets	200,632	205,439	203,721	207,985	212,987	217,425	221,688
Other non-financial assets	6,921	6,969	7,179	6,767	6,999	7,146	7,328
Total Non-financial Assets	207,553	212,407	210,900	214,752	219,987	224,570	229,016
Total Assets	269,879	273,222	272,443	274,212	278,568	283,213	287,474
Liabilities							
Payables	4,372	4,089	4,015	4,088	4,181	4,217	4,252
Superannuation liability	26,123	23,355	25,294	23,414	21,334	19,946	18,877
Other employee benefits	5,608	5,510	5,749	5,888	5,878	6,036	6,271
Deposits held	3	3	2	2	2	2	2
Advances received	1,831	1,541	2,229	1,814	1,531	1,365	1,382
Borrowing	33,260	33,758	31,367	32,311	35,861	39,588	42,290
Other liabilities	3,747	3,044	4,100	4,059	4,005	3,957	3,883
Total Liabilities	74,943	71,299	72,757	71,575	72,793	75,112	76,958
Net Worth	194,936	201,922	199,686	202,636	205,775	208,101	210,515
Net Financial Worth	(12,617)	(10,485)	(11,213)	(12,115)	(14,211)	(16,470)	(18,501)
Net Financial Liabilities	34,483	33,273	34,216	35,928	38,362	40,540	42,462
Net Debt	(287)	1,622	(267)	2,815	7,336	11,018	13,707

Note:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.

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Table 9.5 Public Non-financial Corporations Sector Balance Sheet¹

	<u>2016-17 Outcome \$ million</u>	<u>2017-18 Budget \$ million</u>	<u>2017-18 Est. Act. \$ million</u>	<u>2018-19 Budget \$ million</u>	<u>2019-20 Projection \$ million</u>	<u>2020-21 Projection \$ million</u>	<u>2021-22 Projection \$ million</u>
Assets							
Financial Assets							
Cash and deposits	1,464	524	698	465	489	593	542
Advances paid	1,370	1,073	1,762	1,360	1,157	1,011	1,045
Investments, loans and placements	749	395	578	547	507	470	473
Receivables	1,581	1,610	1,585	1,432	1,487	1,628	1,574
Equity							
Investments - other	302	280	240	240	240	240	240
Total Financial Assets	5,465	3,882	4,863	4,043	3,881	3,941	3,874
Non-financial Assets							
Land and other fixed assets	61,138	62,730	62,132	63,882	65,133	66,181	66,975
Other non-financial assets	1,472	1,112	1,193	1,203	1,207	1,224	1,277
Total Non-financial Assets	62,610	63,842	63,326	65,085	66,340	67,405	68,251
Total Assets	68,075	67,724	68,188	69,128	70,221	71,346	72,126
Liabilities							
Payables	3,411	2,809	3,366	2,890	2,690	2,942	2,963
Superannuation liability	(332)	(155)	(324)	(316)	(308)	(300)	(292)
Other employee benefits	761	767	752	746	752	757	763
Deposits held	17	23	17	17	17	17	17
Advances received	7	7	7	6	5	5	4
Borrowing	38,644	38,231	38,135	38,560	39,353	40,162	40,802
Other liabilities	7,691	7,470	7,722	7,901	8,050	8,182	8,396
Total Liabilities	50,200	49,151	49,675	49,805	50,559	51,764	52,653
Net Worth	17,875	18,573	18,513	19,323	19,662	19,582	19,472
Net Financial Worth	(44,735)	(45,269)	(44,812)	(45,761)	(46,679)	(47,823)	(48,779)
Net Debt	35,087	36,268	35,121	36,212	37,222	38,111	38,763

Note:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.

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Table 9.6 Non-financial Public Sector Balance Sheet¹

	<u>2016-17 Outcome \$ million</u>	<u>2017-18 Budget \$ million</u>	<u>2017-18 Est. Act. \$ million</u>	<u>2018-19 Budget \$ million</u>	<u>2019-20 Projection \$ million</u>	<u>2020-21 Projection \$ million</u>	<u>2021-22 Projection \$ million</u>
Assets							
Financial Assets							
Cash and deposits	2,533	1,073	1,277	768	774	821	880
Advances paid	695	842	616	682	668	725	786
Investments, loans and placements	34,382	32,696	33,234	30,852	29,586	29,427	29,290
Receivables	4,597	4,005	3,949	3,808	3,952	4,177	4,207
Equity							
Investments in other public sector entities	3,993	4,216	4,490	4,490	4,490	4,490	4,490
Investments - other	456	436	393	394	394	394	394
Total Financial Assets	46,655	43,267	43,959	40,994	39,863	40,033	40,048
Non-financial Assets							
Land and other fixed assets	261,769	268,168	265,853	271,866	278,120	283,605	288,662
Other non-financial assets	1,408	1,451	1,594	1,014	1,094	1,073	1,025
Total Non-financial Assets	263,177	269,619	267,447	272,880	279,214	284,678	289,687
Total Assets	309,832	312,885	311,406	313,874	319,077	324,711	329,735
Liabilities							
Payables	5,892	5,155	5,243	5,193	5,139	5,250	5,497
Superannuation liability	25,791	23,200	24,971	23,098	21,026	19,646	18,585
Other employee benefits	6,369	6,277	6,501	6,634	6,629	6,793	7,034
Deposits held	20	26	19	19	19	19	19
Advances received	486	485	460	439	352	333	315
Borrowing	71,904	71,989	69,501	70,871	75,214	79,750	83,093
Other liabilities	4,433	3,831	5,024	4,982	4,921	4,820	4,676
Total Liabilities	114,896	110,963	111,720	111,237	113,302	116,611	119,220
Net Worth	194,936	201,922	199,686	202,636	205,775	208,101	210,515
Net Financial Worth	(68,241)	(67,697)	(67,760)	(70,243)	(73,439)	(76,577)	(79,172)
Net Financial Liabilities	72,234	71,912	72,250	74,733	77,928	81,067	83,662
Net Debt	34,800	37,890	34,854	39,027	44,558	49,129	52,471

Note:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.

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Table 9.7 General Government Sector Cash Flow Statement¹

	2016-17 Outcome² \$ million	2017-18 Budget² \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Cash Receipts from Operating Activities							
Taxes received	12,940	13,296	13,282	14,153	15,183	15,949	16,721
Grants and subsidies received	27,174	27,628	28,529	27,712	28,153	29,059	30,384
Sales of goods and services	6,116	6,165	5,966	5,947	6,158	6,292	6,520
Interest receipts	2,337	2,328	2,321	2,199	2,076	1,859	1,852
Dividends and income tax equivalents	1,929	2,309	2,532	2,619	2,185	2,068	1,975
Other receipts	6,477	5,595	6,867	7,007	6,681	6,323	6,350
Total Operating Receipts	56,973	57,320	59,497	59,637	60,435	61,550	63,803
Cash Payments for Operating Activities							
Payments for employees	(24,278)	(26,099)	(26,375)	(27,701)	(28,911)	(29,736)	(30,746)
Payments for goods and services	(17,005)	(18,661)	(18,691)	(17,635)	(16,960)	(17,115)	(17,607)
Grants and subsidies	(8,325)	(8,045)	(8,186)	(9,492)	(10,030)	(9,870)	(9,974)
Interest paid	(1,700)	(1,706)	(1,614)	(1,474)	(1,645)	(1,692)	(1,795)
Other payments	(5)				(1)	(1)	(3)
Total Operating Payments	(51,313)	(54,511)	(54,866)	(56,303)	(57,546)	(58,414)	(60,123)
Net Cash Inflows from Operating Activities	5,660	2,809	4,631	3,334	2,889	3,136	3,680
Cash Flows from Investments in Non-Financial Assets							
Purchases of non-financial assets	(4,634)	(5,123)	(4,905)	(5,927)	(7,557)	(7,396)	(7,081)
Sales of non-financial assets	389	392	227	345	373	343	165
Net Cash Flows from Investments in Non-financial Assets	(4,244)	(4,731)	(4,678)	(5,582)	(7,185)	(7,053)	(6,916)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	954	460	515	(53)	41	167	457
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	(2,615)	1,268	(1,054)	2,877	4,734	817	153
Receipts from Financing Activities							
Advances received (net)	1,315	210	403	(410)	(277)	(176)	25
Borrowing (net)	(1,118)	(176)	(353)	(393)	(221)	3,053	2,711
Deposits received (net)	14	—	46	(47)	—	—	—
Net Cash Flows from Financing Activities	211	33	96	(851)	(498)	2,877	2,735
Net Increase/(Decrease) in Cash held	(35)	(161)	(491)	(275)	(19)	(56)	109
Net cash from operating activities	5,660	2,809	4,631	3,334	2,889	3,136	3,680
Net cash flows from investments in non-financial assets	(4,244)	(4,731)	(4,678)	(5,582)	(7,185)	(7,053)	(6,916)
Surplus/(Deficit)	1,416	(1,922)	(47)	(2,248)	(4,295)	(3,917)	(3,236)
Derivation of ABS GFS Cash Surplus/Deficit							
Cash surplus/(deficit)	1,416	(1,922)	(47)	(2,248)	(4,295)	(3,917)	(3,236)
Acquisitions under finance leases and similar arrangements	(758)	(618)	(559)	(864)	(287)	—	—
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	658	(2,540)	(606)	(3,112)	(4,582)	(3,917)	(3,236)

Notes:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.
- With the implementation of the latest GFS Manual (AGFS15), the 2016-17 Outcomes and 2017-18 Budget cash flow categories have been restated above to ensure comparability.

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Table 9.8 Public Non-financial Corporations Sector Cash Flow Statement¹

	2016-17 Outcome² \$ million	2017-18 Budget² \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Cash Receipts from Operating Activities							
Grants and subsidies received	1,451	623	585	585	605	601	624
Sales of goods and services	14,187	12,268	13,374	13,113	12,749	12,998	13,396
Interest receipts	44	37	63	52	50	58	59
Dividends and income tax equivalents	15	14	13	13	13	13	13
Other receipts	335	257	394	215	224	174	179
Total Operating Receipts	16,032	13,198	14,429	13,977	13,641	13,844	14,270
Cash Payments for Operating Activities							
Payments for employees	(1,874)	(2,072)	(2,062)	(2,143)	(2,185)	(2,194)	(2,239)
Payments for goods and services	(5,290)	(4,192)	(4,890)	(4,610)	(4,307)	(4,553)	(4,545)
Grants and subsidies	(20)	(289)	(281)	(264)	(269)	(52)	(23)
Interest paid	(2,054)	(1,960)	(1,900)	(1,910)	(1,987)	(2,081)	(2,154)
Other payments	(1,577)	(1,071)	(1,260)	(1,172)	(1,164)	(1,148)	(1,148)
Total Operating Payments	(10,815)	(9,584)	(10,392)	(10,098)	(9,913)	(10,028)	(10,110)
Net Cash Inflows from Operating Activities	5,217	3,614	4,037	3,879	3,729	3,816	4,161
Cash Flows from Investments in Non-Financial Assets							
Purchases of non-financial assets	(2,708)	(2,866)	(2,751)	(3,130)	(3,229)	(3,126)	(3,097)
Sales of non-financial assets	71	46	46	11	8	8	6
Net Cash Flows from Investments in Non-financial Assets	(2,637)	(2,820)	(2,704)	(3,119)	(3,221)	(3,118)	(3,090)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(2,100)	(252)	(473)	284	41	(79)	(569)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	116	—	(8)	(3)	(4)	(4)	(5)
Receipts from Financing Activities							
Advances received (net)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Borrowing (net)	768	122	41	471	815	814	642
Dividends paid	(747)	(1,646)	(1,658)	(1,805)	(1,435)	(1,324)	(1,188)
Deposits received (net)	(3)	—	—	—	—	—	—
Other financing (net)	(692)	18	1	60	100	—	—
Net Cash Flows from Financing Activities	(675)	(1,506)	(1,617)	(1,275)	(521)	(510)	(546)
Net Increase/(Decrease) in Cash held	(79)	(965)	(766)	(233)	25	104	(50)
Net cash from operating activities	5,217	3,614	4,037	3,879	3,729	3,816	4,161
Net cash flows from investments in non-financial assets	(2,637)	(2,820)	(2,704)	(3,119)	(3,221)	(3,118)	(3,090)
Dividends paid	(747)	(1,646)	(1,658)	(1,805)	(1,435)	(1,324)	(1,188)
Surplus/(Deficit)	1,834	(853)	(326)	(1,045)	(927)	(626)	(117)
Derivation of ABS GFS Cash Surplus/Deficit							
Cash surplus/(deficit)	1,834	(853)	(326)	(1,045)	(927)	(626)	(117)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	1,834	(853)	(326)	(1,045)	(927)	(626)	(117)

Notes:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.
- With the implementation of the latest GFS Manual (AGFS15), the 2016-17 Outcomes and 2017-18 Budget cash flow categories have been restated above to ensure comparability.

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Table 9.9 Non-financial Public Sector Cash Flow Statement¹

	2016-17 Outcome² \$ million	2017-18 Budget² \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Cash Receipts from Operating Activities							
Taxes received	12,682	13,061	13,039	13,891	14,901	15,644	16,393
Grants and subsidies received	27,201	27,708	28,556	27,788	28,230	29,137	30,464
Sales of goods and services	18,454	16,085	17,069	16,609	16,391	16,671	17,223
Interest receipts	2,381	2,365	2,340	2,217	2,097	1,891	1,885
Dividends and income tax equivalents	157	94	179	166	126	150	179
Other receipts	6,805	5,851	7,259	7,222	6,905	6,498	6,529
Total Operating Receipts	67,680	65,164	68,442	67,892	68,650	69,991	72,672
Cash Payments for Operating Activities							
Payments for employees	(26,050)	(28,075)	(28,344)	(29,743)	(30,993)	(31,824)	(32,877)
Payments for goods and services	(20,329)	(20,504)	(21,302)	(19,789)	(18,745)	(19,043)	(19,452)
Grants and subsidies	(6,920)	(7,791)	(7,908)	(9,247)	(9,771)	(9,398)	(9,451)
Interest paid	(3,616)	(3,539)	(3,331)	(3,202)	(3,438)	(3,563)	(3,717)
Other payments	(670)	(479)	(548)	(503)	(520)	(535)	(522)
Total Operating Payments	(57,585)	(60,387)	(61,432)	(62,484)	(63,467)	(64,363)	(66,020)
Net Cash Inflows from Operating Activities	10,095	4,776	7,010	5,408	5,183	5,628	6,653
Cash Flows from Investments in Non-Financial Assets							
Purchases of non-financial assets	(7,305)	(7,989)	(7,656)	(9,057)	(10,786)	(10,523)	(10,177)
Sales of non-financial assets	460	438	273	356	381	351	171
Net Cash Flows from Investments in Non-financial Assets	(6,845)	(7,551)	(7,383)	(8,701)	(10,405)	(10,171)	(10,006)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(42)	457	465	(104)	(15)	(59)	(79)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	(2,499)	1,268	(1,063)	2,873	4,730	813	148
Receipts from Financing Activities							
Advances received (net)	(30)	(22)	(21)	(16)	(81)	(30)	(10)
Borrowing (net)	(350)	(54)	(312)	78	594	3,867	3,353
Deposits received (net)	11	—	46	(47)	—	—	—
Other financing (net)	(452)	—	1	—	—	—	—
Net Cash Flows from Financing Activities	(821)	(76)	(286)	15	513	3,837	3,343
Net Increase/(Decrease) in Cash held	(113)	(1,126)	(1,256)	(509)	6	48	59
Net cash from operating activities	10,095	4,776	7,010	5,408	5,183	5,628	6,653
Net cash flows from investments in non-financial assets	(6,845)	(7,551)	(7,383)	(8,701)	(10,405)	(10,171)	(10,006)
Surplus/(Deficit)	3,249	(2,775)	(373)	(3,293)	(5,222)	(4,543)	(3,353)
Derivation of ABS GFS Cash Surplus/Deficit							
Cash surplus/(deficit)	3,249	(2,775)	(373)	(3,293)	(5,222)	(4,543)	(3,353)
Acquisitions under finance leases and similar arrangements	(758)	(618)	(559)	(864)	(287)	—	—
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	2,492	(3,393)	(932)	(4,157)	(5,509)	(4,543)	(3,353)

Notes:

1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.
2. With the implementation of the latest GFS Manual (AGFS15), the 2016-17 Outcomes and 2017-18 Budget cash flow categories have been restated above to ensure comparability.

9.3 Reconciliation of net operating balance to accounting operating result

The primary difference between the net operating balance and the accounting operating result calculated under Australian Accounting Standards is that valuation adjustments are excluded from the net operating balance.

Data presented in Table 9.10 provides a reconciliation of the General Government Sector net operating balance to the accounting operating result.

Table 9.10 Reconciliation of UPF net operating balance to accounting operating result¹

	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million
Net operating balance General Government sector (Table 9.1)	146	1,512	148
<i>Remeasurement/valuation adjustments</i>			
Bad debts and amortisation	(89)	(93)	(96)
Deferred tax equivalents	64	16	(1)
Dividends from network GOCs under Debt Action Plan (treated as return of equity for UPF)	20	50	110
Market value adjustments on financial assets and liabilities	17	31	11
Revaluation of provisions	66	12	87
Decommissioned infrastructure assets and land under roads	(143)	(12)	(12)
Gain/(loss) on assets sold/written off/impaired	(9)	(96)	(12)
Accounting operating result General Government sector	71	1,421	233

Note:

1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.

9.4 General Government Sector time series

Data presented in Table 9.11 provides a time series from 2005-06 to 2016-17 for the General Government Sector on the key fiscal aggregates used by the Government to measure financial performance. These aggregates have been backcast (as far as possible) to comply with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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Table 9.11 General Government Sector time series¹

	2005-06 Actual \$ million	2006-07 Actual \$ million	2007-08 Actual \$ million	2008-09 Actual \$ million	2009-10 Actual \$ million	2010-11 Actual \$ million	2011-12 Actual \$ million	2012-13 Actual \$ million	2013-14 Actual \$ million	2014-15 Actual \$ million	2015-16 Actual \$ million	2016-17 Actual \$ million
Revenue from Transactions												
Taxation revenue	7,396	8,484	9,546	8,866	9,375	9,981	10,608	10,937	11,840	12,598	12,547	12,919
Grant revenue	13,590	14,378	15,510	17,481	20,205	20,338	22,652	18,322	21,740	23,583	23,740	27,383
Sales of goods and services	2,641	2,909	3,357	3,648	3,961	4,172	5,002	5,087	5,039	5,443	5,712	5,642
Interest income	3,414	3,338	(275)	1,482	2,204	2,368	2,485	2,644	2,460	2,470	2,543	2,336
Dividend and income tax equivalent income	1,059	858	1,244	1,180	949	1,232	1,112	1,351	1,975	2,554	2,661	2,690
Other revenue	1,983	2,032	2,041	4,421	3,033	3,921	3,942	3,415	3,650	3,322	3,577	5,222
Total Revenue	30,084	31,999	31,424	37,078	39,727	42,013	45,801	41,755	46,705	49,970	50,780	56,194
Expenses from Transactions												
Employee expenses	10,615	11,731	13,175	14,310	15,566	16,826	18,250	18,130	17,816	18,592	20,045	21,258
Superannuation expenses												
Superannuation interest costs	840	1,154	816	858	1,320	1,240	1,216	923	963	878	767	514
Other superannuation expenses	1,367	1,513	1,865	2,012	2,051	2,171	2,301	2,420	2,277	2,319	2,507	2,661
Other operating expenses	5,236	6,138	6,646	7,300	7,568	8,646	9,497	12,817	13,108	14,539	14,811	15,582
Depreciation and amortisation	1,678	1,764	1,851	2,496	2,501	2,507	2,777	2,902	3,060	3,137	2,921	3,068
Other interest expenses	174	180	347	599	803	1,125	1,659	1,940	2,200	2,328	2,220	1,722
Grant expenses	6,467	7,565	8,329	9,525	9,790	10,963	10,327	7,182	6,792	7,758	6,841	8,568
Total Expenses	26,378	30,046	33,030	37,099	39,599	43,479	46,028	46,312	46,217	49,551	50,112	53,373
Net Operating Balance	3,707	1,953	(1,606)	(21)	128	(1,466)	(226)	(4,558)	488	420	668	2,821
OTHER KEY AGGREGATES												
Purchases of non-financial assets	3,196	4,412	5,725	6,772	8,959	8,237	7,971	7,001	6,323	4,635	4,044	4,634
Net acquisition of non-financial assets	1,234	2,157	3,680	4,349	6,665	5,583	5,241	3,389	3,087	992	1,164	2,285
Fiscal Balance	2,472	(204)	(5,286)	(4,371)	(6,537)	(7,049)	(5,467)	(7,947)	(2,599)	(572)	(497)	536
Cash Surplus/(Deficit)	4,649	2,360	(4,924)	(2,866)	(5,341)	(5,880)	(4,951)	(8,585)	(3,213)	(105)	866	1,416
Net Worth	104,446	118,532	193,838	184,277	175,588	177,875	170,745	172,963	166,492	171,933	188,099	194,936
Net Debt	(23,203)	(26,622)	(22,586)	(19,251)	(13,354)	(9,542)	(5,720)	2,399	5,208	5,749	653	(287)
Borrowing	2,084	2,267	6,328	10,308	15,916	24,593	29,517	37,878	41,368	43,105	35,486	33,260
Borrowing (NFPs)	17,314	23,971	30,856	42,645	51,713	53,708	61,542	69,086	72,637	75,233	72,922	71,904

Note:

1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.

Source: Report on State Finances for Queensland 2005-06 to 2016-17. (Numbers have been recast for changes to UPPF presentation.)

9.5 Other General Government uniform presentation framework data

Data in the following tables is presented in accordance with the UPF.

9.5.1 Grants

Data presented in Tables 9.12 and 9.13 provide details of General Government Sector current and capital grant revenue and expenses.

Table 9.12 General Government Sector grant revenue¹

	2017-18 Est. Act. \$ million	2018-19 Budget \$ million
Current grant revenue		
Current grants from the Commonwealth		
General purpose grants	15,240	14,799
Specific purpose grants	7,970	7,987
Specific purpose grants for on-passing	3,019	2,918
Total current grants from the Commonwealth	26,229	25,704
Other contributions and grants	354	296
Total current grant revenue	26,583	26,001
Capital grant revenue		
Capital grants from the Commonwealth		
Specific purpose grants	1,826	1,659
Specific purpose grants for on-passing	—	5
Total capital grants from the Commonwealth	1,826	1,664
Other contributions and grants	72	36
Total capital grant revenue	1,898	1,700
Total grant revenue	28,481	27,701

Note:

1. Numbers may not add due to rounding.

Table 9.13 General Government Sector grant expenses¹

	2017-18 Est. Act. \$ million	2018-19 Budget \$ million
Current grant expense		
Private and Not-for-profit sector	2,107	2,181
Private and Not-for-profit sector on-passing	2,553	2,687
Local Government	271	362
Local Government on-passing	473	241
Grants to other sectors of Government	947	2,169
Other	304	238
Total current grant expense	6,656	7,878
Capital grant expense		
Private and Not-for-profit sector	237	458
Local Government	976	1,059
Local Government on-passing	—	5
Grants to other sectors of Government	16	13
Other	211	140
Total capital grant expense	1,440	1,674
Total grant expense	8,096	9,552

Note:

- Numbers may not add due to rounding.

9.5.2 Dividends and income tax equivalent income

Table 9.14 provides details of the source of dividend and income tax equivalent income in the General Government Sector.

Table 9.14 General Government Sector dividend and income tax equivalent income¹

	2017-18 Est. Act. \$ million	2018-19 Budget \$ million
Dividend and Income Tax Equivalent income from PNFC sector	2,589	2,066
Dividend and Income Tax Equivalent income from PFC sector	97	151
Total Dividend and Income Tax Equivalent income	2,686	2,217

Note:

- Numbers may not add due to rounding.

9.5.3 Expenses by function

Data presented in Table 9.15 provides details of General Government Sector expenses by function. The Australian Bureau of Statistics introduced a revised Classification of the Function of Government Australian Framework (COFOG-A) which has resulted in some re-classification of expenditure between purposes (see 9.6.1).

Table 9.15 General Government Sector expenses by function¹

	2017-18 Budget ² \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
General public services	5,115	5,419	5,368	5,412	5,287	5,259
Public order and safety	5,139	5,023	5,154	5,231	5,345	5,505
Economic affairs	2,160	2,221	2,241	2,165	2,114	2,017
Environmental protection	609	726	631	726	716	734
Housing and community amenities	295	224	275	373	364	268
Health	16,478	17,005	17,347	17,980	18,513	19,173
Recreation, culture and religion	1,458	1,535	842	741	763	746
Education	13,660	13,536	14,006	14,634	15,314	15,906
Social protection	5,056	5,425	5,865	5,439	5,452	5,930
Transport	5,752	5,633	5,861	5,975	5,961	6,042
Total Expenses	55,723	56,747	57,590	58,675	59,829	61,579

Notes:

- 1. Numbers may not add due to rounding.
- 2. 2017-18 Budget has been restated to comply with COFOG-A.

9.5.4 Purchases of non-financial assets by function

Data presented in Table 9.16 provides details of General Government Sector purchases of non-financial assets by function as per COFOG-A.

Table 9.16 General Government Sector purchases of non-financial assets by function¹

	2017-18 Budget ² \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
General public services	217	127	373	249	45	38
Public order and safety	552	415	555	522	265	245
Economic affairs	37	32	47	33	29	28
Environmental protection	28	58	67	29	19	20
Housing and community amenities	21	26	78	90	132	83
Health	984	598	1,099	1,046	907	623
Recreation, culture and religion	81	52	161	173	77	39
Education	643	589	711	993	599	664
Social protection	460	322	384	319	291	298
Transport	2,100	2,685	2,451	4,104	5,032	5,042
Total Purchases	5,123	4,905	5,927	7,557	7,396	7,081

Notes:

- 1. Numbers may not add due to rounding.
- 2. 2017-18 Budget has been restated to comply with COFOG-A.

9.5.5 Taxes

Data presented in Table 9.17 provides details of taxation revenue collected by the General Government Sector.

Table 9.17 General Government Sector taxes¹

	2017-18 Est. Act. \$ million	2018-19 Budget \$ million
Taxes on employers' payroll and labour force	3,887	4,086
Taxes on property		
Land taxes	1,183	1,313
Stamp duties on financial and capital transactions	3,090	3,214
Other	682	822
Taxes on the provision of goods and services		
Taxes on gambling	1,194	1,307
Taxes on insurance	951	992
Taxes on use of goods and performance of activities		
Motor vehicle taxes	2,297	2,421
Total Taxation Revenue	13,284	14,155

Note:

- 1. Numbers may not add due to rounding.

9.6 Contingent liabilities

Contingent liabilities represent items that are not included in the Budget as significant uncertainty exists as to whether the Government would sacrifice future economic benefits in respect of these items. Nevertheless, such contingencies need to be recognised and managed wherever possible in terms of their potential impact on the Government's financial position in the future.

The State's quantifiable and non-quantifiable contingent liabilities are detailed in the *2016-17 Report on State Finances* – whole-of-government financial statements (note 43).

A summary of the State's quantifiable contingent liabilities as at 30 June 2017 is provided in Table 9.18.

Table 9.18 Contingent liabilities

	2016-17 \$ million
Nature of contingent liability	
Guarantees and indemnities	10,421
Other	328
Total	10,748

9.7 Background and interpretation of uniform presentation framework

As mentioned in the introduction to this chapter, the UPF was reviewed in 2007 following the release of the AASB accounting standard, AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

This standard aims to harmonise GFS and GAAP with the objective of improving the clarity and transparency of government financial statements.

9.7.1 Accrual Government Finance Statistics framework

The GFS reporting framework, developed by the Australian Bureau of Statistics (ABS), is based on international statistics standards (the International Monetary Fund Manual on Government Finance Statistics and the United Nations System of National Accounts). This allows comprehensive assessments to be made of the economic impact of government.

The accrual GFS framework is based on an integrated recording of stocks and flows. Stocks refers to a unit’s holdings of assets and liabilities at a point in time, whilst flows represent the movement in the stock of assets and liabilities between two points in time. Flows comprise two separate types, transactions and other economic flows. Transactions come about as a result of mutually agreed interactions between units or within a single unit. Other economic flows would include revaluations and destruction or discovery of assets that do not result from a transaction.

In GFS operating statements, other economic flows, being outside of the control of government, are excluded and do not affect the net operating balance or fiscal balance.

Effective 1 July 2017, the ABS has updated its framework to incorporate changes outlined in the IMF’s latest manual. The ABS’s new framework (AGFS15) has required changes to the economic types of stocks and flows, and the classification of flows by function (classification of the functions of government – Australia, or COFOG-A).

In implementing AGFS15, Queensland Treasury has revised some of the classifications of operating cashflows in the Cashflow Statement. The 2016-17 Outcome and 2017-18 Budget have been restated to facilitate comparability. The key aggregates have not changed.

Adopting COFOG-A has resulted in some changes to the broad categories of function. As far as possible, the 2017-18 Budget has been restated to reflect these changes.

9.7.2 Generally Accepted Accounting Principles

In addition to the GFS framework, public sector entities were previously required to report at year end against AAS 31 Financial Reporting by Government, which meant complying with the Accounting Standards issued by the AASB.

9.7.3 Harmonisation under AASB 1049

This dual reporting regime caused confusion for financial report users and the Financial Reporting Council asked the AASB to develop a framework harmonising GAAP and GFS and to issue an Australian accounting standard for a single set of government reports.

In the development of the AASB 1049, the AASB adopted the following approaches:

- adoption of GAAP definition, recognition and measurement principles in almost all cases
- amending presentation requirements to encompass a comprehensive result that retains GAAP classification system but overlays it with a transaction and other economic flows classification system based on GFS
- expanding the disclosure requirements to incorporate key fiscal aggregates required by GFS.

9.7.4 Revisions to the Uniform Presentation Framework

Following the introduction of AASB 1049, the Australian, state and territory governments consider that the UPF will continue to be an important framework for ensuring comparability of financial information across jurisdictions. The UPF shall continue to apply to financial statements produced by government in budgets, mid-year budget updates and final budget outcome reports, whereas the accounting standard applies only to outcome reports.

Therefore, rather than replacing the UPF with the accounting standard, the framework was updated to align with AASB 1049. Australia, state and territory governments agreed that the updated framework would continue to provide a common core of comparable financial information in their budget papers and comparable data amongst jurisdictions while maintaining at least the current level of transparency.

Aligning the framework with the AASB 1049 was not intended to create a UPF that complies with all the reporting requirements of AASB 1049. For example, the UPF does not include the same level of detail in relation to disclosure requirements as AASB 1049. Instead, the revised UPF allows jurisdictions to utilise the framework as the base set of statements and add additional relevant information in order to comply with AASB 1049.

9.8 Sector classification

GFS data is presented by institutional sector, distinguishing between the General Government Sector and the PNFC sector.

Budget reporting focuses on the General Government Sector, which provides regulatory services, and goods and services of a non-market nature that are provided at less than cost or at no cost. These services are largely financed by general revenue (Australian Government grants and state taxation). This service comprises government departments, their commercialised business units/shared service providers and certain statutory bodies.

The PNFC Sector comprises bodies that provide mainly market goods and services that are of a non-regulatory and non-financial nature. PNFCs are financed through sales to consumers of their goods and services and may be supplemented by explicit government subsidy to satisfy community service obligations. In general, PNFCs are legally distinguishable from the governments that own them. Examples of PNFCs include the energy entities and Queensland Rail.

Together, the General Government Sector and the PNFC Sector comprise the Non-financial Public Sector.

Further discussion of the GFS framework of reporting, including definitions of GFS terms, can be obtained from the webpage of the ABS at www.abs.gov.au.

9.9 Reporting entities

The reporting entities included in the General Government and PNFC Sectors in these Budget papers are provided below.

9.9.1 General Government

Departments

Aboriginal and Torres Strait Islander Partnerships
Agriculture and Fisheries
Child Safety, Youth and Women
Communities, Disability Services and Seniors
Education
Electoral Commission of Queensland
Employment, Small Business and Training
Environment and Science
Housing and Public Works
Innovation, Tourism Industry Development and the Commonwealth Games
Justice and Attorney-General
Legislative Assembly
Local Government, Racing and Multicultural Affairs
Natural Resources, Mines and Energy
Office of Industrial Relations
Office of the Governor
Office of the Inspector-General Emergency Management
Office of the Ombudsman
Premier and Cabinet

Public Safety Business Agency
Public Service Commission
Queensland Audit Office
Queensland Corrective Services
Queensland Fire and Emergency Services
Queensland Health
Queensland Police Service
Queensland Treasury
Sport and Recreation
State Development, Manufacturing, Infrastructure and Planning
The Public Trustee of Queensland
Transport and Main Roads

Commercialised Business Units

Building and Asset Services
CITEC
Economic Development Queensland
QFleet
RoadTek

Shared Service Providers

Corporate Administration Agency
Queensland Shared Services

Statutory Authorities

Anti-Discrimination Commission	Motor Accident Insurance Commission
Board of the Queensland Museum	Nominal Defendant
Crime and Corruption Commission	Office of the Information Commissioner
Cross River Rail Delivery Authority	Office of the Health Ombudsman
Gold Coast 2018 Commonwealth Games Corporation	Prostitution Licensing Authority
Gold Coast Waterways Authority	Queensland Agricultural Training Colleges
Hospital and Health Services	Queensland Art Gallery Board of Trustees
Cairns and Hinterland	Queensland Building and Construction Commission
Central Queensland	Queensland Curriculum and Assessment Authority
Central West	Queensland Family and Child Commission
Children’s Health Queensland	Queensland Mental Health Commission
Darling Downs	Queensland Performing Arts Trust
Gold Coast	Queensland Racing Integrity Commission
Mackay	Queensland Reconstruction Authority
North West	Queensland Rural and Industry Development Authority
South West	Residential Tenancies Authority
Sunshine Coast	South Bank Corporation
Torres and Cape	TAFE Queensland
Townsville	The Council of the Queensland Institute of Medical Research
West Moreton	Tourism and Events Queensland
Wide Bay	Trade and Investment Queensland
Legal Aid Queensland	
Library Board of Queensland	

9.9.2 Public Non-financial Corporations

- Brisbane Port Holdings Pty Ltd
- CS Energy Limited
- DBCT Holdings Pty Ltd
- Energy Queensland
- Far North Queensland Ports Corporation Limited
- Gladstone Area Water Board
- Gladstone Ports Corporation Limited
- Mount Isa Water Board
- North Queensland Bulk Ports Corporation Limited
- Port of Townsville Limited
- Powerlink Queensland
- Queensland Bulk Water Supply Authority (Seqwater)
- Queensland Lottery Corporation Pty Ltd
- Queensland Rail
- Queensland Treasury Holdings Pty Ltd
- Stadiums Queensland
- Stanwell Corporation Limited
- SunWater Limited

Appendix A: Concessions statement

Context

The Queensland Government provides a wide range of concessions across a variety of services and products. In addition to targeted discounts, rebates and subsidies for Queenslanders based on eligibility criteria relating to factors such as age, income and special needs or disadvantage, broader concession arrangements are in place to reduce the price paid by all consumers in areas such as transport, electricity and water.

The majority of Queenslanders benefit from at least one concession and in many cases may benefit from multiple concessions each year. For example, aged pensioners are eligible for a number of Queensland Government concessions, such as discounts on their council rates, water, gas and electricity bills, vehicle registration fees as well as subsidised optometry and dental services.

Further information on the eligibility requirements and benefits of a range of Government concessions can be found at: <https://campaigns.premiers.qld.gov.au/smart-savings/>.

Focus

This statement highlights the cost and nature of concessions provided by the Queensland Government. It covers both concessions that are direct Budget outlays (for example, fee subsidy payments), and concessions that are revenue foregone through fees and charges that are set at a lower rate than applies to the wider community or, in the case of broader concessions, the full cost of service provision.

Sections A.2 and A.3 set out the individual concessions by agency and government-owned corporation respectively, sorted in descending order. The total value of these concessions is estimated to be \$5.584 billion in 2018-19. This represents a significant Government and taxpayer commitment to improving the accessibility and affordability of a diverse range of services, and reducing the price paid by consumers of those services to ease cost of living pressures.

Explanation of scope

For the purposes of this document, concessions include:

- discounts, rebates and subsidies to improve access to, and the affordability of, a range of services for individuals or families based on eligibility criteria relating to factors such as age, income and special needs or disadvantage
- concessional prices for Government services, where the price charged to all consumers is less than the full cost of service provision.

Both General Government and Public Non-financial Corporations (PNFC) Sector concessions are included. Where a payment is made from a General Government Sector agency to a PNFC entity for a concession arrangement, the expenditure is reported against the General Government Sector agency only to avoid double counting. To be included in this statement, concessions must meet the minimum materiality threshold of estimated expenditure or revenue foregone of \$50,000 in 2018-19.

Varying methods have been used to estimate the cost of concessions depending on the nature of the concessions, including:

- direct Budget outlay cost (for example, direct subsidy or rebate payments or Government’s contribution in the case of items such as rental subsidies)
- revenue foregone (for example, concessional fees and charges)
- cost of goods and services provided.

For the purposes of illustration, the document often uses averages to demonstrate the potential value of the concession to consumers. However, averages are not reflective of individual circumstances, meaning the actual dollar value of the concession to consumers may vary from person to person.

The Concessions Statement does not include Tax Expenditures (for example, tax exemptions, reduced tax rates, tax rebates and deductions). Information on Tax Expenditures can be found in Appendix B – Tax expenditure statement.

A.1 Concessions summary

Table A.1.1 Concession by entity¹

Concession by entity	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Agency		
Department of Agriculture and Fisheries	32.4	43.6
Department of Communities, Disability Services and Seniors	366.3	383.8
Department of Education	124.8	131.6
Department of Employment, Small Business and Training	429.7	453.1
Department of Environment and Science	8.8	7.1
Department of Housing and Public Works	450.7	461.6
Department of Justice and Attorney-General	91.2	93.1
Department of Natural Resources, Mines and Energy	825.8	795.6
Department of Transport and Main Roads	2,601.1	2,796.7
Queensland Fire and Emergency Services	9.7	10.2
Queensland Health	295.5	281.7
Total Agency	5,236.1	5,458.1
Government-owned corporations		
Energy Queensland	22.0	22.9
Far North Queensland Ports Corporation Limited	0.8	0.8
Gladstone Ports Corporation Limited	55.5	43.1
North Queensland Bulk Ports Corporation Limited	1.6	1.7
Port of Townsville Limited	5.7	5.8
Queensland Rail Limited	1.7	1.9
SunWater Limited	48.5	49.4
Total Government-owned corporations	135.8	125.6
Total all entities	5,371.9	5,583.7

Note:

1. Numbers may not add due to rounding.

A.2 Concessions by agency

Table A.2.1 Department of Agriculture and Fisheries

Concession	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Primary Industry Productivity Enhancement Scheme (PIPES)	21.2	20.3
Drought Relief Assistance Scheme ¹	10.0	20.0
Vessel Tracking Rebate Scheme ²	0.1	1.7
Farm Management Grant ³	1.1	1.6
Total	32.4	43.6

Notes:

1. The 2017-18 estimated actual is lower than previously anticipated due to improved climatic conditions across the State. In 2018-19 the Government is providing funding of up to \$20 million, held centrally, for the continuation of the Drought Relief Assistance Scheme.
2. The variance is due to the commencement of the scheme (June 2018) and an anticipated increased take up of the scheme during 2018-19.
3. The variance is due to an anticipated increased take up of the grants in 2018-19, as a result of the expansion of a targeted communications strategy.

Primary Industry Productivity Enhancement Scheme (PIPES)

PIPES is administered by the Queensland Rural and Industry Development Authority (QRIDA) and provides concessional rates of interest on loans to eligible primary producers in need of financial assistance. First Start Loans and Sustainability Loans of up to \$2 million and \$1.3 million respectively support applicants to enter primary production and to improve productivity and sustainability. The average concessional interest rate for new lending is 3.24%. The amounts shown in the above table represent the fair values of the interest rate concessions pertaining to loans issued in each of the financial years shown.

Drought Relief Assistance Scheme

The Drought Relief Assistance Scheme provides freight subsidies and emergency water infrastructure rebates to support producers and communities that have been affected by drought conditions across the State. Freight subsidies of up to 50% and emergency water infrastructure rebates of up to 50% are available to eligible applicants, up to a maximum of between \$20,000 and \$40,000 per property, per financial year.

Vessel Tracking Rebate Scheme

The *Queensland Sustainable Fisheries Strategy 2017-2027* requires vessel tracking on all commercial fishing boats by 2020 to assist in the management of Queensland Fisheries. This initiative is designed to assist commercial fishers by providing rebates up to prescribed amounts, to offset the cost of purchasing and installing approved vessel tracking units.

Farm Management Grant

The Farm Management Grant aims to assist eligible Queensland primary producers, or their relatives, to offset the costs of professional advice associated with succession planning. The grant provides rebates of up to 50% of the amount paid for professional advice, up to a maximum of \$2,500 per financial year.

Table A.2.2 Department of Communities, Disability Services and Seniors

Concession	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Electricity Rebate Scheme ^{1,2}	181.0	195.5
Electricity Asset Ownership Dividend	100.0	100.0
Pensioner Rate Subsidy Scheme	53.0	53.6
South East Queensland Pensioner Water Subsidy Scheme	18.0	18.2
Home Energy Emergency Assistance Scheme	8.1	10.0
Electricity Life Support Concession Scheme ²	2.3	2.3
Reticulated Natural Gas Rebate Scheme	2.5	2.6
Medical Cooling and Heating Electricity Concession Scheme ²	1.5	1.6
Total	366.3	383.8

Notes:

- 1. The variance is due to the estimated growth in recipients, particularly Health Care Card holders.
- 2. Electricity price linked rebates are adjusted annually according to the Queensland Competition Authority’s (QCA) price determination for general household electricity tariff (Tariff 11). For 2018-19, the QCA determined Tariff 11 will decrease by 1.3%. However, existing rebate values will not be decreased and will continue to apply in 2018-19.

Electricity Rebate Scheme

The Electricity Rebate Scheme provides a rebate of up to approximately \$341 per annum, to assist with the cost of domestic electricity supply to the home of eligible holders of a Pensioner Concession Card, a Queensland Seniors Card or a Department of Veterans’ Affairs Gold Card (and receive a War Widow/er Pension or special rate Totally or Permanently Incapacitated Pension).

Additionally, the rebate was extended to Commonwealth Health Care Card Holders and asylum seekers from 1 January 2017, allowing an estimated 157,000 additional Queensland families to access the rebate.

Electricity Asset Ownership Dividend

The Electricity Asset Ownership Dividend is providing Queensland households with a \$50 electricity rebate in 2017-18 and 2018-19. This initiative is funded from the dividends of Queensland’s government-owned corporations and forms part of the \$2 billion Affordable Energy Plan.

Pensioner Rate Subsidy Scheme

The Pensioner Rate Subsidy Scheme offers a 20% subsidy (up to a maximum of \$200 per annum) to lessen the impact of local government rates and charges on pensioners, thereby assisting them to continue to live in their own homes.

South East Queensland Pensioner Water Subsidy Scheme

The South East Queensland (SEQ) Pensioner Water Subsidy Scheme provides a subsidy of up to \$120 per annum to eligible pensioner property owners in the SEQ Water Grid to lessen the impact of water prices. This subsidy is in addition to the Pensioner Rate Subsidy Scheme.

Home Energy Emergency Assistance Scheme

The Home Energy Emergency Assistance Scheme provides emergency assistance of up to \$720 once in a two year period to assist low income households experiencing a short-term financial crisis and who are unable to pay their current electricity and/or reticulated natural gas account. It is not a requirement for the claimant to hold a concession card.

Electricity Life Support Concession Scheme

The Electricity Life Support Concession Scheme is aimed at assisting seriously ill people who use home based life support systems by providing a rebate of up to approximately \$694 per annum for users of oxygen concentrators and a rebate of up to approximately \$465 per annum for users of kidney dialysis machines to meet their electricity costs. The concession is paid quarterly and is subject to the patient being medically assessed in accordance with Queensland Health eligibility criteria.

Reticulated Natural Gas Rebate Scheme

The Reticulated Natural Gas Rebate Scheme provides a rebate of up to approximately \$73 per annum to assist with the cost of reticulated natural gas supplied to the home of eligible holders of a Pensioner Concession Card, Queensland Seniors Card or a Department of Veterans’ Affairs Gold Card (and receive the War Widow/er Pension or special rate Totally or Permanently Incapacitated Pension).

Medical Cooling and Heating Electricity Concession Scheme

The Medical Cooling and Heating Electricity Concession Scheme provides a rebate of up to approximately \$341 per annum for eligible concession card holders with a medical condition who have dependence on air conditioning to regulate body temperature.

Table A.2.3 Department of Education

Concession	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Textbook and Resource Allowance ¹	57.9	61.2
School Transport Assistance for Students with Disabilities ¹	40.7	43.7
Living Away from Home Allowance Scheme ²	8.3	8.4
Tuition Fee Exemptions/Waivers - Dependants of International Students ²	6.8	7.0
Non-Government Schools Transport Assistance Scheme ²	6.0	6.2
Dalby State High School - Bunya Campus Residential Facility	2.7	2.7
Spinifex State College - Mount Isa Student Residential Facility	1.1	1.1
Distance Education - Information and Communication Technology Subsidy Scheme	0.8	0.8
Distance Education - Non-Government Student Fee Subsidy	0.5	0.5
Total	124.8	131.6

Notes:

- 1. The variance is due to a combination of indexation and student enrolment growth.
- 2. The variance is due to indexation.

Textbook and Resource Allowance

The Textbook and Resource Allowance is available for all parents/caregivers of secondary school age students attending State and approved non-government schools, to assist with the cost of textbooks and learning resources. Parents generally sign over this allowance to the school to reduce the fees associated with participating in the school’s textbook and resource scheme. In 2018, the rates per annum are \$125 for students in Years 7 to 10 and \$271 for students in Years 11 and 12.

School Transport Assistance for Students with Disabilities

School Transport Assistance for Students with Disabilities is provided for eligible students to attend State school programs that meet their individual education needs. This transport assistance includes the provision of taxis or specialised contracted minibuses, payment of fares on regular buses or trains, or an allowance for parents who drive their children to school. The benefit level is to a maximum of \$400 per week, per student, however in exceptional circumstances higher amounts may be approved. A separate scheme is in place for students with disabilities attending non-government schools (refer ‘Non-Government Schools Transport Assistance Scheme’).

The Department of Education is working with the Department of Transport and Main Roads (DTMR) to establish a long-term solution for the delivery of school transport assistance for students with disabilities under the National Disability Insurance Scheme (NDIS).

Living Away from Home Allowance Scheme

The Living Away from Home Allowance Scheme provides financial assistance to support Queensland families and targets geographically isolated families. The scheme meets the costs of children who are required to live away from home to attend schools. This concession is available to Queensland students attending both state and non-government schools. The benefits available for eligible students in 2018 are:

- Remote Area Allowance – assistance of \$2,354 per annum is available to students attending campuses of the Australian Agricultural College Corporation in lieu of Year 11 and 12.
- Remote Area Tuition Allowance – primary students up to \$3,744 per annum and secondary students up to \$5,391 per annum.
- Remote Area Travel Allowance – available where the distance from the family home to the boarding location is at least 50km. Benefit levels depend on the distance travelled, and range from \$142 to a maximum of \$1,727 per annum.
- Remote Area Disability Supplement – available to students with disabilities who incur additional costs associated with living away from home to attend school. Benefits are up to \$7,659 per student per annum.

Tuition Fee Exemptions/Waivers – Dependants of International Students

This concession is available for dependants of international students. It allows students who meet the approved exemption criteria, and wish to enrol their child in Preparatory Year (Prep) to Year 12 of schooling, to be exempt from paying dependant tuition fees. The exemption only applies for the duration of the main temporary visa holder’s (parent) course of study in Queensland. A dependant student (Prep to Year 12) of a temporary visa holder may also be eligible for a tuition fee waiver in certain circumstances, including financial hardship. The estimated average amount exempted or waived per student is \$7,818 for the 2018-19 financial year.

Non-Government Schools Transport Assistance Scheme

The Non-Government Schools Transport Assistance Scheme assists families by providing funding towards the transport costs of students attending non-government schools outside of the Brisbane City Council area. Under the scheme, reimbursement is provided for transport expenses above a set weekly threshold amount. In 2018, the threshold is \$33 per week for families, or \$25 for families with a Health Care Card, Pensioner or Department of Veterans’ Affairs Pensioner Card.

The program also assists families of students with disabilities who attend a non-government school. The level of assistance provided is dependent on the type of transport needed and travel assistance already provided by DTMR. For families using taxis, assistance is capped at \$300 per week.

The Department of Education is working with DTMR to establish a long-term solution for the delivery of school transport assistance for students with disabilities under the NDIS.

Dalby State High School – Bunya Campus Residential Facility

The Dalby State High School – Bunya Campus Residential Facility provides affordable residential accommodation for secondary school students in a boarding facility. The concession particularly targets secondary school students from rural and remote communities, however, any secondary age student is eligible. Students accommodated at the residential facility are enrolled at Dalby State High School and participate in agricultural education programs.

Spinifex State College – Mount Isa Student Residential Facility

The Spinifex State College – Mount Isa Student Residential Facility provides an affordable residential facility in Mount Isa for students from the north-western area of the State whose home community does not provide secondary schooling. The funding meets the cost of wages for the residential college, increasing the affordability of the accommodation rates charged to students.

Distance Education – Information and Communication Technology Subsidy Scheme

The Distance Education – Information and Communication Technology Subsidy Scheme provides assistance to students enrolled in a school of distance education that are geographically isolated or in the medical category.

The scheme provides \$250 per annum to assist with purchasing, replacing or upgrading computer hardware for students in the distance/geographically isolated and medical categories, and \$500 per annum to assist students in the distance/geographically isolated category to meet the costs of broadband internet access and download charges for the home classroom. Eligible students also receive access to free software licences.

Distance Education – Non-Government Student Fee Subsidy

The Distance Education – Non-Government Student Fee Subsidy is available to students who are enrolled in non-government schools and also choose to access distance education subjects. It provides an average annual subsidy of approximately \$1,343 per distance education subject enrolment.

This subsidises approximately 50% of the total average cost per annum of providing a subject through distance education for non-government school students. The concession contributes towards the State continuing to make distance education available to non-government schools, ensuring the widest possible subject choice for students, while recovering a proportion of the teaching and overhead costs.

Table A.2.4 Department of Employment, Small Business and Training

	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Concession		
User Choice - Apprentice and Trainee Training Subsidy ¹	191.5	202.0
Vocation Education and Training (VET) - Certificate 3 Guarantee Tuition Fee Subsidy ¹	172.8	182.1
VET - Higher Level Skills Tuition Fee Subsidy ¹	63.4	67.0
Travel and Accommodation Subsidy	2.0	2.0
Total	429.7	453.1

Note:

1. The variance is due to the anticipated increase in activity due to the demand driven nature of the programs.

User Choice – Apprentice and Trainee Training Subsidy

The User Choice – Apprentice and Trainee Training Subsidy program provides government funding towards the costs of training and assessment for eligible Queensland apprentices and trainees or complementary pathways leading to apprenticeship and traineeship outcomes. The subsidy is available to public and private registered training organisations (pre-approved as pre-qualified suppliers) to subsidise tuition fees to reduce the cost of required accredited, entry level training for apprentices and trainees. The program provides greater flexibility for apprentices, trainees and their employers to select a preferred registered training organisation and to negotiate the type of training to meet their specific needs.

The value of this subsidy for each qualification ranges from \$1,140 to \$50,720 depending on the eligibility and qualification subsidised. The average subsidy value is \$9,007.

Vocation Education and Training (VET) – Certificate 3 Guarantee Tuition Fee Subsidy

The Vocational Education and Training (VET) Certificate 3 Guarantee Tuition Fee Subsidy provides a government subsidy to allow eligible Queenslanders to obtain their first post-school Certificate III qualification to help them gain a job or to improve their employment status. The subsidy is available to private and public registered training organisations (pre-approved as pre-qualified suppliers) to subsidise tuition fees paid by students undertaking eligible vocation education and training qualifications (primarily Certificate III qualifications).

The value of this subsidy for each qualification ranges from \$440 to \$6,260 depending on the eligibility and qualification subsidised. The average subsidy value is \$2,836.

VET – Higher Level Skills Tuition Fee Subsidy

The VET Higher Level Skills Tuition Fee Subsidy provides a government subsidy to eligible students and employers to undertake a priority Certificate IV, diploma or advanced diploma or industry endorsed skill set. This program will help individuals gain employment in a critical occupation, career advancement in a priority industry or transition to university to continue their studies. The subsidy is available to private and public registered training organisations (pre-approved as pre-qualified suppliers) to subsidise tuition fees paid by students undertaking eligible vocational education and training qualifications at Certificate IV or above.

The value of this subsidy for each qualification ranges from \$1,105 to \$8,190 depending on the eligibility and qualification subsidised. The average subsidy value is \$4,078.

Travel and Accommodation Subsidy

The Travel and Accommodation Subsidy provides financial assistance to Queensland apprentices and trainees for travel expenses incurred in attending off the job training at a registered training organisation. To be eligible, apprentices must attend the closest registered training organisation that offers the required qualification and travel a minimum of 100 kilometres (km) return from their usual place of residence to the registered training organisation. The subsidy provides for:

- return land travel to the registered training organisation of 15 cents per km for distances between 100-649 km, increasing to 19 cents per km for distances between 650-1,400 km
- cost of ferry travel if necessary
- a return economy air ticket to the location of the registered training organisation if necessary
- accommodation assistance of \$28 per day for overnight stay within Queensland and \$68 for interstate travellers, if it is necessary to live away from their usual place of residence to attend training.

Table A.2.5 Department of Environment and Science

Concession	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Queensland Performing Arts Trust - Arts concessional entry fees	2.0	2.0
Tour fee and access permit concessions	1.6	1.6
Queensland Museum - Arts concessional entry fees	1.5	1.5
Queensland Performing Arts Trust - Venue hire rebates	0.6	0.6
State Library of Queensland - Venue hire rebates	0.5	0.5
Arts Queensland - Discount on property lease rentals ¹	0.7	0.4
Arts Queensland - Venue hire rebates	0.3	0.3
Queensland Art Gallery - Arts concessional entry fees ²	1.6	0.2
Total	8.8	7.1

Notes:

1. The decrease from 2017-18 estimated actual to 2018-19 budget is mainly due to a reduction in the market rental assessment for Judith Wright Centre of Contemporary Arts budgeting a 5% vacancy rate in 2018-19 and the planned six months closure of Centre of Contemporary Arts, Cairns for renovation.
2. Decrease in concessions in 2018-19 is due to the major exhibition in 2018-19 (The 9th Asia Pacific Triennial of Contemporary Art) being a free exhibition. Overall concession in previous year was higher as a result of better than expected attendance at Marvel: Creating the Cinematic Universe and a greater than expected proportion of concession holders.

Queensland Performing Arts Trust – Arts concessional entry fees

Concessional entry fees are offered for specific Queensland Performing Arts Trust productions and to provide support for other not-for-profit theatre companies to enable tickets to be sold at concessional prices. The level of concession provided varies depending on the number and size of events being held each year.

Tour fee and access permit concessions

Tour fee, access permit and camping fee concessions are available in specified protected areas including David Fleay Wildlife Park, Mon Repos Conservation Park, St Helena Island National Park, Walk-About Creek Wildlife Centre, Fort Lytton National Park, Cooloolo Recreation Area, Moreton Island and Fraser Island.

Queensland Museum – Arts concessional entry fees

Queensland Museum provides concessional entry fees to seniors, students, children, families and a variety of concession card holders for ticketed exhibitions at Queensland Museum and Sciencentre and for general entry to Cobb & Co Museum Toowoomba, The Workshops Rail Museum Ipswich and Museum of Tropical Queensland Townsville. Concessions are also provided to targeted groups, such as schools, to encourage visits to museums. The level of concession provided varies depending on the venue and the event.

Queensland Performing Arts Trust – Venue hire rebates

Venue hire rebates are offered to Government funded cultural organisations, charitable organisations, government departments and educational institutions. Organisations currently receiving discounts are Queensland Symphony Orchestra, Opera Queensland, Queensland Theatre Company and Queensland Ballet.

State Library of Queensland – Venue hire rebates

State Library of Queensland provides venue hire concessions to targeted community and non-profit groups including cultural and charitable organisations and educational institutions in order to support events and programs directly linked to State Library of Queensland’s services, programs and activities.

Arts Queensland – Discount on property lease rentals

Property lease rentals are provided to arts and cultural organisations at a discount from market rental rates at the Judith Wright Centre of Contemporary Arts and the Cairns Centre of Contemporary Arts. Discounts range from 20% to 100% of the market rate (dependent on location) of the commercial office space. Further discounts on specialist rehearsal and gallery space are given as negotiated at the time of entering the lease and dependent on the individual arts or cultural organisation and its funding.

Arts Queensland – Venue hire rebates

Venue hire rebates support Queensland Government funded arts organisations and professional artists to develop and present new work at the Judith Wright Centre of Contemporary Arts and the Cairns Centre of Contemporary Arts.

Queensland Art Gallery – Arts concessional entry fees

Queensland Art Gallery’s ticket prices are set to ensure that they are affordable and to maximise attendance, with additional concessions provided to seniors, students, children, families and a variety of concession card holders. The purpose of the Queensland Art Gallery Arts concessional entry fees concession is to contribute to the cultural, social and intellectual development of Queenslanders, and encourage diverse audiences.

Table A.2.6 Department of Housing and Public Works

Concession	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Government managed housing rental rebate ¹	396.4	406.1
National Rental Affordability Scheme ²	28.4	29.3
Home Assist Secure ²	19.0	19.0
Non-residential buildings - subsidised rents	5.6	5.9
Rental Bond Loans	1.0	1.0
Queensland Recreation Centres - Concessional usage rates	0.3	0.3
Non-government managed housing ³	—	—
Total	450.7	461.6

Notes:

- 1. The variance is primarily due to lower forecast growth in tenant rental income.
- 2. The variance is due to the expected increase in the indexation rate for the 2018-19 scheme.
- 3. The value of this concession arrangement cannot be easily quantified.

Government managed housing rental rebate

The Government managed housing rental rebate targets low income families and individuals and represents the difference between the rents that would be payable in the private market and rent that is charged by Government based on household income.

Assistance is provided to approximately 53,000 households. The estimated average yearly subsidy per household for 2018-19 is \$7,623.

National Rental Affordability Scheme

The National Rental Affordability Scheme (NRAS) is an Australian Government initiative, delivered in partnership with the Queensland Government, to increase the supply of new affordable rental housing. The scheme provides financial incentives to investors to build well located dwellings and rent them to eligible low to moderate income households, at a discounted rate at least 20% below market rent.

Under the scheme, the concession to the tenant is provided by the property owner. Due to the nature of the arrangement, the overall value of the concession to the tenant cannot be quantified. In 2018-19, the Government has allocated \$29.3 million for the payment of financial incentives to NRAS investors who are then required to discount rents to tenants.

Home Assist Secure

Home Assist Secure provides free safety related information and referrals, and subsidised assistance to eligible clients unable to undertake or pay for critical maintenance services without assistance. To be considered for assistance, home owners or tenants over the age of 60 or of any age with a disability must hold a Pensioner Concession Card and be unable to complete the work themselves. In addition, they must be unable to access assistance from other services. Subsidised assistance can be undertaken for maintenance, repairs and minor modifications where the total cost for any one job or service does not exceed \$1,500. Labour costs (up to \$500 per household per year) for the assistance provided are subsidised by Home Assist Secure while the balance of the costs (including all materials) are met by the client.

Home Assist Secure targets home owners and those in rental housing who are over 60 years of age or have a disability, and who require assistance to remain living in their home. In 2018-19, \$19 million in grants to Home Assist Secure providers will be issued to ensure the ongoing delivery of assistance to those in greatest need. It is estimated that over 47,500 households will be assisted.

Non-residential buildings – subsidised rents

Accommodation is provided to 40 community, education, arts and not-for-profit organisations in Government owned non-residential buildings. Tenures for the occupancies are by way of leases, licences or month to month arrangements. Rents paid by the organisations are often below independently assessed market rent levels. Subsidised rental arrangements are provided to 24 properties comprising a total floor area of approximately 25,038 square metres. The total subsidy is calculated by deducting the actual amount paid by the occupants from the total estimated annual market rent for the office space.

Rental Bond Loans

The Government provides interest-free rental bond loans equivalent to a maximum amount of four weeks rent to people who cannot afford to pay a full bond to move into private rental accommodation; reducing the need for more costly, subsidised housing assistance. The interest-free bond loan targets low-income households and can stabilise tenancies, prevent households from entering the cycle of homelessness and engaging with fringe, high interest credit providers. The concession represents the interest saving for the client on the bond loan. In 2018-19, \$27.7 million in bond loans will be advanced to an estimated 24,000 clients.

Queensland Recreation Centres – Concessional usage rates

Concessional usage rates are offered to students and children 17 years and under, for the use of Queensland Recreation Centres at Currimundi and Tallebudgera. These concessional rates provide a discount of between 3.25% to 18% of the full charge to approximately 34,000 recipients.

Non-government managed housing

The Government provides contributions to social housing providers, including capital grants, granted land or properties, or recurrent funding, to assist in increasing housing affordability and access to social housing. Due to the nature of the arrangement, the overall value of the concession provided by the Government cannot be easily quantified.

Rents charged for social housing managed by the providers are based on 25% of a household’s assessable income or the market rent, whichever is lower, which may substantially reduce accommodation costs for eligible individuals and families.

Table A.2.7 Department of Justice and Attorney-General

Concession	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Public Trustee of Queensland - Concessions	36.2	37.7
Court Services - Civil Court	22.8	24.2
Queensland Civil and Administrative Tribunal ¹	19.4	18.7
Blue Card - Volunteer Applicants	10.6	10.3
Body Corporate and Community Management - Dispute Resolution	2.2	2.2
Total	91.2	93.1

Note:

- 1. The variance is mainly due to the decrease in the Tribunal’s rental expenses in 2018-19.

Public Trustee of Queensland – Concessions

The Public Trustee of Queensland (the Public Trustee) is a self-funding organisation and uses a scale of fees which is designed to reflect a fair cost for the services provided.

The Public Trustee has established a safety net limit on the annual fees payable by certain clients which provides for a rebate of fees for some clients with limited assets. The rebate is applied to clients such as financial administration clients with impaired capacity, or estate administration clients of limited means. The Public Trustee also provides Will making services at no cost for all Queenslanders.

In addition, the Public Trustee provides funding to the Public Guardian and financial assistance under the Civil Law Legal Aid Scheme administered by Legal Aid Queensland, to enable these organisations to provide services to the people of Queensland.

Court Services – Civil Court

The Supreme, District and Magistrates Courts hear civil disputes between two or more parties (people or organisations) where one party sues the other, usually to obtain compensation, or seek some other remedy. These disputes may involve anything from defamation to outstanding debts. Civil Court Fees are prescribed under the *Uniform Civil Procedure (Fees) Regulation 2009* for proceedings commenced in civil matters and are set below full cost recovery to ensure that civil remedies are accessible to all Queenslanders.

Queensland Civil and Administrative Tribunal

The Queensland Civil and Administrative Tribunal (QCAT) is an independent tribunal which makes decisions and resolves disputes across a wide range of jurisdictions for the community. Fees for these services are below cost recovery to ensure services are accessible, fair and inexpensive. QCAT provides human rights services with no application fees for matters in guardianship and administration of adults, children and young people and anti-discrimination.

Blue Card – Volunteer Applicants

Individuals providing child-related services or conducting child-related activities in regulated service environments are required to undergo an assessment of their police and relevant disciplinary information, and if approved, are issued with a blue card. A blue card is valid for three years unless cancelled or suspended earlier. The application fee for a blue card is \$90.25 (as at 1 July 2018). Since the inception of the blue card system in 2001, Government has met the cost of blue card assessment for volunteer applicants.

Body Corporate and Community Management – Dispute Resolution

The Office of the Commissioner for Body Corporate and Community Management provides a dispute resolution service to parties unable to resolve disputes themselves. The service consists of conciliation, with the aim of achieving a voluntary agreement, and adjudication, which results in a formal order. The service is delivered below full cost recovery so as to not restrict access to justice due to affordability reasons.

Table A.2.8 Department of Natural Resources, Mines and Energy

Concession	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Energy Queensland - Uniform Tariff Policy (excluding Isolated Systems) ¹	441.1	413.5
Energy Queensland - Uniform Tariff Policy for Isolated Systems	47.1	48.3
Powering Queensland Plan - Electricity Affordability Package	287.4	284.2
Affordable Energy Plan - Solar & Storage Interest Free Loans Scheme ²	—	13.7
Affordable Energy Plan - Energy Savers Program	—	4.0
Affordable Energy Plan - Energy Savvy Families ³	0.2	3.8
Affordable Energy Plan - Energy Efficiency Appliance Rebate ⁴	19.8	—
Extending existing drought relief arrangements - Electricity Charge Scheme ⁵	12.0	10.4
Cloncurry Pipeline Water Supply Subsidy	6.1	6.2
Extending existing drought relief arrangements - Water Licence Fee Waiver and Land Rental Rebates	4.2	4.2
Origin Energy - Uniform Tariff Policy	2.7	2.8
SunWater Rural Irrigation Water Price Subsidy ⁶	3.1	2.4
Seqwater Bulk Water Rural Irrigation Water Price Subsidy	2.1	2.1
Total	825.8	795.6

Notes:

1. The variance between 2017-18 estimated actual and 2018-19 budget is due to Energy Queensland assuming a lower Ergon Energy distribution charge relative to the Energex charges. This is consistent with the Australian Energy Regulator’s decision for the two distribution businesses.
2. This concession will commence in June 2018.
3. This initiative provides digital electricity meters to eligible low-income families in regional Queensland to help them gain a greater understanding of when and how they use their electricity.
4. The program commenced 1 January 2018 and closes 3 June 2018.
5. The concessions can vary depending on the shires that are drought declared and the number of eligible customers.
6. The decrease in the Community Service Obligation (CSO) for 2018-19 is largely due to the price path arrangements leading to a reduction in the concession required.

Energy Queensland – Uniform Tariff Policy (excluding Isolated Systems)

The Energy Queensland – Uniform Tariff Policy (excluding Isolated Systems) ensures that, where possible, all Queensland non-market electricity customers of a similar type pay a similar price for electricity regardless of where they live. As the notified prices do not reflect the full cost of electricity supply for most remote and regional Queenslanders, a subsidy is provided. The community service obligation (CSO) payment to the regional retailer Energy Queensland covers the difference between the revenue earned by charging customers notified prices and the actual costs in the regional areas (due to differences in network costs and energy losses).

Energy Queensland – Uniform Tariff Policy for Isolated Systems

The Energy Queensland – Uniform Tariff Policy for Isolated Systems ensures that, where possible, all Queensland non-market electricity customers of a similar type pay a similar price for electricity regardless of where they live. Energy Queensland owns and operates 33 isolated power stations which supply electricity to remote and isolated Queensland communities. Energy Queensland retails electricity to these customers at the notified prices, and the Government provides funding to the retailer to cover the difference between the revenue earned and the cost of supplying electricity to these customers.

Powering Queensland Plan – Electricity Affordability Package

The Powering Queensland Plan provided one-off funding in 2016-17 of \$771 million to support the stabilisation of electricity prices for Queensland consumers, by funding the removal of costs of the Solar Bonus Scheme from electricity prices for three years from 1 July 2017 and directing Energy Queensland to remove costs from network charges. This will place downward pressure on electricity prices for the typical household, and provide an average saving of \$51 for households and \$90 for small businesses, compared with the increase which would have occurred without Government intervention. It is estimated that the benefit to Queenslanders in 2018-19 as a result of this measure will be \$284.2 million.

Affordable Energy Plan – Solar & Storage Interest Free Loans Scheme

This scheme is designed to assist households and small businesses address electricity affordability by providing upfront capital to those who otherwise would not have access to funds to invest in rooftop solar and battery energy storage technology.

Affordable Energy Plan – Energy Savers Program

The \$20 million Business Energy Savers Program, an initiative under the Affordable Energy Plan, provides free energy audits for agricultural customers and large business customers, and co-contributions to fund energy efficiency upgrades. It includes a 3 year extension of the existing Energy Savers Plus Program (for agricultural businesses) and the Large Customer Adjustment Program (for large electricity users).

Under the expanded Energy Savers Plus Program, 200 additional audits for agricultural customers will be completed. In addition to this, co-contribution grants of up to \$20,000 will be made available to assist businesses in implementing the recommendations from the audit.

Under the expanded Large Customer Adjustment Program an additional 30 audits of large customers will be completed and co-contributions capped at up to \$250,000 will be made available to help encourage the business to implement the audit recommendations.

Affordable Energy Plan – Energy Savvy Families

Under this plan, \$4 million has been provided over two years to enable the provision of digital electricity meters as well as providing educational material and information to low income families in regional Queensland to help them better understand and manage their energy use.

Affordable Energy Plan – Energy Efficiency Appliance Rebate

The program was designed to assist Queensland households improve their energy efficiency through providing a rebate to help purchase high energy efficient appliances. The program commenced on 1 January 2018 and closed 3 June 2018.

The rebates applied to purchases on or after 1 January 2018 for the following household appliances:

- \$200 for a 4 star or higher energy rated washing machine
- \$250 for a 4 star or higher energy rated refrigerator
- \$300 for a 4 star or higher energy rated air conditioner.

There was a limit of 1 rebate application per household.

Extending existing drought relief arrangements – Electricity Charge Scheme

Drought Relief Arrangements provide relief to farming customers from fixed charges for electricity accounts that are used to pump water for farm or irrigation purposes during periods of drought. The concessions can vary depending on the shires that are drought declared and the number of eligible customers.

Cloncurry Pipeline Water Supply Subsidy

North West Queensland Water Pipeline Limited (NWQWP), a SunWater Limited (SunWater) subsidiary, owns and operates the Cloncurry Pipeline between the Ernest Henry Mine and Cloncurry. The pipeline guarantees Cloncurry Shire Council’s long-term water supply and supports industrial development in the region. As the construction and operation of the Cloncurry Water Pipeline is a non-commercial investment, the Government provides funding to NWQWP to ensure that SunWater receives a return on its investment in the pipeline.

Extending existing drought relief arrangements – Water Licence Fee Waiver and Land Rental Rebates

As part of the Government’s drought assistance package, the annual water licence fee of \$82 will be waived for 2018-19 for landholders in Local Government Areas (LGA) that are drought declared and other properties that are individually drought declared. The estimate is dependent on drought declarations and the demand for drought assistance.

Category 11 Grazing and Primary Production landholders under the *Land Act 1994* will also be eligible to a rent rebate in 2018-19. The rebate is available to lessees, other than those on minimum rent that are in a drought declared LGA and to individually drought declared properties. In addition to this rebate, drought declared landholders will be granted a hardship deferral for required rent payments.

Origin Energy – Uniform Tariff Policy

The Origin Energy – Uniform Tariff Policy ensures that, where possible, all Queensland non-market electricity customers of a similar type pay the similar price for electricity regardless of where they live. Origin Energy retails electricity to approximately 5,450 Queensland non-market customers in the Goondiwindi, Texas and Inglewood areas who are supplied electricity through the New South Wales Essential Energy distribution network.

The Government provides a rebate to these customers, via a CSO payment to Origin Energy, to ensure they pay no more for electricity than similar customers in Queensland. Therefore, the CSO amount depends on the relative difference between Queensland and New South Wales retail electricity tariffs for non-market customers.

SunWater Rural Irrigation Water Price Subsidy

SunWater owns and operates water supply schemes across regional Queensland. As the owner of SunWater, the Government decides how much to recover of SunWater’s costs through irrigation prices. Currently, SunWater’s irrigation water prices for some schemes are set below the level necessary to recover the cost of supplying water to the irrigators. Government funding is provided to SunWater to offset the reduced revenue and to ensure that increases in water prices paid by rural irrigation customers to recover costs are gradual.

Seqwater Bulk Water Rural Irrigation Water Price Subsidy

Seqwater owns and operates water supply schemes across SEQ which also supply bulk water services to rural irrigation customers. Currently Seqwater’s rural irrigation prices for some schemes are set below the level necessary to recover the cost of supplying water to the irrigators. Government funding is provided to Seqwater to offset the reduced revenue and to ensure that increases in water prices paid by rural irrigation customers to recover costs are gradual.

Urban Water Price Path

As foreshadowed in the 2017-18 State Budget, the concessional period for the South East Queensland urban bulk water price path, which commenced in 2008, is ending as prices in South East Queensland converge to a common rate reflective of the actual cost of supply. Accordingly the Urban Water Price Path is not included in the 2018–19 Concession Statement and is not anticipated to be included in future years.

Table A.2.9 Department of Transport and Main Roads

Concession	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
General Public Transport Concessions (South East Queensland) ¹	1,289.2	1,440.1
Rail Network and Infrastructure Funding	591.9	618.3
General Public Transport Concessions (Regional Queensland)	238.8	246.7
Vehicle and boat registration concessions	168.6	177.5
School Transport Assistance Scheme	133.8	138.1
TransLink Transport Concessions (South East Queensland)	74.3	75.6
Rail Concession Scheme	36.5	37.4
Livestock and Regional Freight Contracts	33.2	34.7
Other transport concessions (Regional Queensland) and taxi subsidies ²	25.1	20.9
Designated Public Transport Concessions for Seniors Card Holders	3.8	3.8
Practical Driving Test	3.5	3.6
Commercial ship registration and licensing ³	2.4	—
Total	2,601.1	2,796.7

Notes:

1. The increase in 2018-19 is due to annual cost indexation, increased finance lease costs and availability and operator payments associated with the acquisition of New Generation Rollingstock.
2. This concession is estimated to decrease in 2018-19 as the current concessions associated with the Taxi Subsidy Scheme will transition to the NDIS funding model.
3. The reduction in the amount of concession is due to the Australian Maritime Safety Authority (AMSA) increasing its effort in regulating domestic commercial vessels while Maritime Safety Queensland has correspondingly reduced its efforts in this area. From 2018-19, AMSA will provide service delivery as national regulator to the commercial domestic vessel fleet and will also set and collect fees.

General Public Transport Concessions (South East Queensland)

The General Public Transport Concessions (South East Queensland) represents the direct funding contribution that Government makes towards the cost of operating public transport services within South East Queensland. This contribution effectively reduces the ticket price paid by all public transport users on bus, rail and ferry services, increasing the affordability of these services.

Rail Network and Infrastructure Funding

Rail network and infrastructure funding ensures that the State supported rail network is safe, reliable and fit for purpose. The contract also provides funding to Queensland Rail to support major capital projects and related asset strategies. The funding provided via this contract directly benefits customers of the State supported rail network, including both freight and passengers. Without this funding, rail access charges (including public transport fares) would be significantly higher for all users of the rail network.

General Public Transport Concessions (Regional Queensland)

The General Public Transport Concessions (Regional Queensland) represents the financial contribution that Government provides across a range of transport services in regional Queensland. The impact of this contribution benefits all public transport users through reduced transport fares. This concession covers:

- TravelTrain (excluding the ‘Rail Concession Scheme’ for eligible pensioners, veterans and seniors)
- subsidies for Kuranda Scenic Railway
- subsidies for Heritage Rail Services
- subsidies for regional bus and ferry operators (excluding concessional top up amounts and School Transport Assistance Scheme related amounts)
- subsidies for the Rail XPT Service (Sydney-Brisbane) and Savannahlander (Atherton Tableland)
- subsidies for air services to remote and rural communities within the State
- subsidies for long distance coach services to rural/remote communities within the State.

Vehicle and boat registration concessions

Registration concessions for light and heavy motor vehicles and recreational boats are provided to holders of the Pensioner Concession Card, Queensland Seniors Card and to those assessed by the Department of Veterans’ Affairs as meeting the necessary degree of incapacity or impairment. The concession is aimed at improving access to travel for pensioners, seniors and persons with a disability by providing a reduced rate of registration fees. For most eligible card holders, a concession for a family 4-cylinder vehicle would reduce the 12 month registration charge from \$321.35 to \$160.65. For a recreational boat up to and including 4.5 metres in length, the concession reduces the registration charge from \$86.75 to \$43.35 (based on registration charges at 1 July 2018).

A Special Interest Vehicle (SIV) registration concession is offered for motor vehicles that have low use associated with vintage and historic and street rod car club events. A 12 month registration for a 6-cylinder SIV concession reduces registration from \$508.85 to \$90.55. A concession is also available for specific purposes such as water, mineral or oil exploration and bee keeping. Other motor vehicle and recreational boat registration concessions are also provided to primary producers, local governments, charitable and community service organisations, and people living in remote areas without access to the wider road network.

School Transport Assistance Scheme

The School Transport Assistance Scheme assists students that do not have a school in their local area or who are from defined low income groups with travel costs. The scheme provides funding to reduce the cost of travelling to school on bus, rail and/or ferry services, with allowances for private vehicle transport in certain circumstances. A typical concession would be to fully fund the cost of travel from home to the nearest State primary or high school where no local primary or high school is available (for example, from Bargara to Bundaberg High School).

TransLink Transport Concessions (South East Queensland)

The TransLink Transport Concessions (South East Queensland) are provided by the Government to ensure access and mobility for Queenslanders who require assistance because of age, disability or fixed low income. Passengers entitled to receive public transport concessions include holders of a Pensioner Concession Card, Veterans’ Affairs Gold Card, Seniors Card (all states and territories), Companion Card, Vision Impairment Travel Pass, Total Permanent Incapacitated (TPI) Veteran Travel Pass, children, as well as secondary and tertiary students. In addition to these existing groups, concession groups now include Newstart and Youth Allowance (Job Seeker) recipients and asylum seekers. In February 2018, White Card Holders joined the groups eligible for public transport concessions. Under the new 2018 fares, for a peak one zone journey using a *go* card, the concession will reduce an adult fare from \$3.25 to \$1.63.

Rail Concession Scheme

The Queensland Rail Concession Scheme improves the affordability of long distance and urban rail services for eligible pensioners, veterans, seniors and current/past rail employees with 25 years of service. Assistance for long distance rail services is provided through discounted fares and free travel vouchers. For TravelTrain (long distance rail) services, depending on the service, the concession may be for free travel for up to four trips per year for Queensland pensioners (subject to availability of seats and payment of an administration fee).

Livestock and Regional Freight Contracts

The Livestock and Regional Freight Contracts provide funding to support the movement of cattle (via rail only) and freight (via road and rail) to and from regional areas of Queensland. The funding provided directly benefits the cattle industry and enables regional Queensland communities to maintain employment and directly benefits those communities who are reliant on rail freight services by reducing the cost of these freight services for users.

Other transport concessions (Regional Queensland) and taxi subsidies

Other transport concessions (Regional Queensland) and taxi subsidies are provided by the Government to ensure access and mobility for Queenslanders who require assistance because of age, disability or fixed low income. Passengers entitled to receive public transport concessions include holders of a Pensioner Concession Card, Veterans’ Affairs Gold Card, Seniors Card (all states and territories), Companion Card, Vision Impairment Travel Pass, TPI Veteran Travel Pass, children, as well as secondary and tertiary students. In addition to these existing groups, new concession groups are to include Newstart and Youth Allowance (Job Seeker) recipients and asylum seekers. In February 2018, White Card holders were also added to these existing groups. The Taxi Subsidy Scheme aims to improve the mobility of persons with severe disabilities by providing a 50% concession fare up to a maximum subsidy of \$25 per trip.

Concessions associated with the Taxi Subsidy Scheme are transitioning to the NDIS funding model.

Designated Public Transport Concessions for Seniors Card Holders

Designated Public Transport Concessions for Seniors Card Holders allows visitors from interstate, who hold a state or territory Seniors Card, to access public transport concessions within Queensland and is fully funded by the Queensland Government.

Practical Driving Test

As part of the State’s driver licensing arrangements, applicants for new licences are required to undertake a practical driving test. The total cost to pre-book driver examinations and to perform the practical driver assessment is not fully recovered by the fee charged (\$52.68 (ex GST) as at 1 July 2018), providing a direct concession to applicants.

Commercial ship registration and licensing

The commercial ship registration and licensing concession is ceasing as the regulation of domestic commercial vessels operations is now the responsibility of the Australian Maritime Safety Authority (AMSA). For 2017-18, the commercial vessel safety program including inspection and ship operator competency audits is funded from commercial ship registration and licensing revenue. The commercial ship registration and licensing concession represents the difference between the cost of supporting the safety of commercial vessels in Queensland waters and revenue collected via commercial registration and compliance fees. The concession represents a benefit to commercial ship owners and operators.

Table A.2.10 Queensland Fire and Emergency Services

	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Concession		
Emergency Management Levy Concession	9.7	10.2
Total	9.7	10.2

Emergency Management Levy Concession

The Emergency Management Levy applies to all prescribed properties within Queensland. The levy provides a funding base for emergency services including emergency management, fire and rescue services. Owners of prescribed properties who are in receipt of an Australian Government pension are eligible to receive a discount of 20% on the levy payable for a property that is their principal place of residence. In addition, community organisation owners of specified properties are exempt from payment of the levy.

Table A.2.11 Queensland Health

Concession	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Oral Health Scheme ¹	149.2	151.8
Patient Travel Subsidy Scheme ²	81.8	84.8
Medical Aids Subsidy Scheme ³	40.4	29.6
Spectacle Supply Scheme	9.3	9.3
Community Aids Equipment, Assistive Technologies Initiative and Vehicle Options Subsidy Scheme ⁴	14.8	6.2
Total	295.5	281.7

Notes:

1. The \$2.6 million increase from the 2017-18 estimated actual to the 2018-19 estimate is due to additional state funding in 2018-19 for Hospital and Health Services’ oral health services.
2. The Patient Travel Subsidy Scheme allocation is calculated on historical utilisation rates. The increase of \$3.0 million from the 2017-18 estimated actual to the 2018-19 estimate is due to expected population growth and higher utilisation of the Scheme.
3. The variance is due to funding for this activity being progressively transferred to the National Disability Insurance Scheme (NDIS).
4. The variance is due to funding for this activity being progressively transferred to NDIS. The \$6.2 million estimate is to address commitments carrying across from 2017-18 and residual application in 2018-19.

Oral Health Scheme

The Oral Health Scheme provides free dental care to eligible clients and their dependants who possess a current Health Care Card, Pensioner Concession Card, Queensland Seniors Card or Commonwealth Seniors Card. The average value of a course of treatment for eligible clients is approximately \$600 for general care, \$1,800 for treatment involving dentures, and \$265 for emergency dental care. In rural and remote areas where no private dental practitioner exists, access to dental care for the general public is provided at a concessional rate, generally 15% to 20% less than average private dental fees.

Patient Travel Subsidy Scheme

The Patient Travel Subsidy Scheme (PTSS) provides financial assistance to patients who need to access specialist medical services which are not available within their local area. The PTSS provides a subsidy towards the cost of travel and accommodation for patients and, in some cases, an approved escort.

Patients will receive fully subsidised commercial transport if arranged by Queensland Health, or will be subsidised at the economy/government discount rate (less GST). Alternatively a subsidy of 30 cents per kilometre is paid where a private vehicle is used. The accommodation subsidy is \$60 per person per night for the period the patient is required to be away from home for medical reasons and when they are not in hospital, and for their escort, if approved. A subsidy of \$10 per person per night is payable to patients and approved escorts who stay in private accommodation.

Medical Aids Subsidy Scheme

The Medical Aids Subsidy Scheme (MASS) provides access to funding assistance for the provision of a range of aids and equipment to eligible Queensland residents with permanent and stabilised conditions or disabilities. Aids and equipment are provided primarily to assist people to live at home therefore avoiding premature or inappropriate residential care or hospitalisation.

Subsidies vary based on service category and clinical criteria and are provided to assist with the costs of communication aids, continence aids, daily living aids, medical grade footwear, mobility aids, orthoses and oxygen. The scheme will provide over 72,000 occasions of service to approximately 48,000 clients during 2018-19.

The National Disability Insurance Scheme (NDIS) is currently being rolled out in Queensland. MASS clients who are NDIS eligible are being transitioned to the scheme with associated funding progressively cashed out to the NDIS.

Spectacle Supply Scheme

The Spectacle Supply Scheme provides eligible Queensland residents with free access to a comprehensive range of basic spectacles every two years including bifocals and trifocals. Applicants must be holders of eligible concession cards and be deemed by a prescriber to have a clinical need for spectacles.

The scheme provides around 75,000 items to approximately 72,000 clients (some clients require more than one pair of spectacles due to clinical need). The average cost of services provided to applicants is approximately \$124 per item, including the costs of administering the scheme through the Medical Aids Subsidy Scheme.

Community Aids Equipment, Assistive Technologies Initiative and Vehicle Options Subsidy Scheme

The Community Aids Equipment and Assistive Technologies Initiative (CAEATI) and Vehicle Options Subsidy Scheme (VOSS) provide financial assistance to eligible Queensland residents to support them to be more independent, participate further in social and economic opportunities in the community and contribute to a better quality of life.

CAEATI funding is capped at \$10,000 per client over a three year period. CAEATI includes aids, equipment and assistive technologies for postural support, communication support, community mobility and active participation.

VOSS funding is capped at \$10,000 per client over a five year period. VOSS provides subsidies for a range of vehicle access options, including the subsidy of driving lessons on a suitably modified vehicle, modifications to a vehicle, purchase of a suitably modified vehicle or vehicle suitable for modification.

To receive funding through either of these schemes, an individual must be assessed as eligible for specialist disability support under the *Disability Support Act 2006*. Queensland resident eligibility is determined during the intake process, and confirmed as part of the assessment process.

The National Disability Insurance Scheme (NDIS) is currently being rolled out in Queensland. CAEATI and VOSS clients who are NDIS eligible are being transitioned to the scheme with associated funding progressively cashed out to the NDIS.

A.3 Concessions by entity – Government-owned Corporations

Table A.3.1 Energy Queensland

Concession	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Regulated Service Charges - Energex	17.1	17.2
Regulated Service Charges - Ergon	4.9	5.7
Total	22.0	22.9

Regulated Service Charges – Energex

Under Schedule 8 of the *Electricity Regulation 2006*, charges for a range of services provided by Energex Limited (Energex) to energy retailers, for example disconnection and reconnection of supply, are capped. The maximum amount Energex is able to charge for these services is, on average, less than the value which the Australian Energy Regulator ascribes to the provision of these services by Energex, resulting in a concession provided to energy retailers and in turn households.

Regulated Service Charges – Ergon

Under Schedule 8 of the *Electricity Regulation 2006*, service charges for a range of services provided by Ergon Energy Corporation Limited (Ergon Energy) to energy retailers, for example disconnection and reconnection of supply, are capped. The maximum amount Ergon Energy is able to charge for these services is, on average, less than the value which the Australian Energy Regulator ascribes to the provision of these services by Ergon Energy, resulting in a concession provided to energy retailers and in turn households.

Table A.3.2 Gladstone Ports Corporation Limited

Concession	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Concessional Port Charges ¹	52.0	39.8
Total	52.0	39.8

Note:

1. The variance is due to some uncommercial legacy contracts expiring and being replaced with new contracts at market rates.

Concessional Port Charges

The Gladstone Ports Corporation Limited (GPC) is subject to a number of long-term major industry contracts where port charges are significantly lower than market rates. These historical contracts were entered into to support various industries and government initiatives from time to time. The amounts shown are estimates of the revenue foregone by GPC as a result of being unable to charge commercial rates.

Table A.3.3 SunWater Limited

	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Concession		
Water Supply Contracts	48.5	49.4
Total	48.5	49.4

Water Supply Contracts

SunWater Limited has a number of historic non-commercial water supply contracts that benefit specific entities, predominantly local government authorities. The future treatment of these water supply contracts is currently being considered by Government. The amount shown represents the difference between revenue and expenses under a fully costed allocation model.

SunWater and local governments have agreed to work together to negotiate new arrangements for water supply over the next 18 months. The amount shown represents the difference between revenue and expenses under a fully costed allocation model.

Table A.3.4 Concessional Leases (Industry, Commercial and Community) by entity

	2017-18 Est. Act. \$ million	2018-19 Estimate \$ million
Concession		
Port of Townsville Limited	5.7	5.8
Gladstone Ports Corporation Limited	3.5	3.3
Queensland Rail Limited	1.7	1.9
North Queensland Bulk Ports Corporation Limited	1.6	1.7
Far North Queensland Ports Corporation Limited	0.8	0.8
Total	13.3	13.5

Concessional Leases (Industry, Commercial and Community)

The above Government Owned Corporation entities provide leases to various community organisations, local councils, Government departments and industry participants at below commercial rates. The amounts shown are estimates of the revenue foregone by not charging commercial rates.

Appendix B: Tax expenditure statement

Context

Governments employ a range of policy tools to achieve social and economic objectives. These include the use of direct budgetary outlays, regulatory mechanisms and taxation. This Tax Expenditure Statement (TES) details revenue foregone as a result of Government decisions relating to the provision of tax exemptions or concessions. The TES is designed to improve transparency in the use of tax expenditures and increase public understanding of the fiscal process.

Tax expenditures are reductions in tax revenue that result from the use of the taxation system as a policy tool to deliver Government policy objectives. Tax expenditures are provided through a range of measures, including:

- tax exemptions
- the application of reduced tax rates to certain groups or sectors of the community
- tax rebates
- tax deductions
- provisions which defer payment of a tax liability to a future period.

Labelling an exemption or concession as a tax expenditure does not necessarily imply any judgement as to its appropriateness. It merely makes the amount of the exemption or concession explicit and thereby facilitates its scrutiny as part of the annual Budget process.

Methodology

Revenue foregone approach

The method used almost exclusively by governments to quantify the value of their tax expenditures is the revenue foregone approach. This method estimates the revenue foregone through use of the concession by applying the benchmark rate of taxation to the volume of activities or assets affected by the concession. One of the deficiencies of the revenue foregone approach is that the effect on taxpayer behaviour resulting from the removal of the particular tax expenditure is not factored into the estimate. Consequently, the aggregation of costings for individual tax expenditure items presented in the TES will not necessarily provide an accurate estimate of the total level of assistance provided through tax expenditures.

Measuring tax expenditures requires the identification of:

- a benchmark tax base
- concessionally taxed components of the benchmark tax base such as a specific activity or class of taxpayer
- a benchmark tax rate to apply to the concessionally taxed components of the tax base.

Defining the tax benchmark

The most important step in the preparation of a TES is the establishment of a benchmark for each tax included in the statement. The benchmark provides a basis against which each tax concession can be evaluated. The aim of the benchmark is to determine which concessions are tax expenditures as opposed to structural elements of the tax. The key features of a tax benchmark are:

- the tax rate structure
- any specific accounting conventions applicable to the tax
- the deductibility of compulsory payments
- any provisions to facilitate administration
- provisions relating to any fiscal obligations.

By definition, tax expenditures are those tax concessions not included as part of the tax benchmark.

Identification of benchmark revenue bases and rates requires a degree of judgement and is not definitive. Furthermore, data limitations mean that the tax expenditures are approximations and are not exhaustive. This statement does not include estimates of revenue foregone from exemptions or concessions provided to Government agencies. Very small exemptions or concessions are also excluded.

The tax expenditure statement

This year’s statement includes estimates of tax expenditures in 2016-17 and 2017-18 for payroll tax, land tax, duties and gambling taxes. A summary of the major tax expenditures valued on the basis of revenue foregone is presented in Table B.1. Not all expenditures can be quantified at this time. Accordingly, the total value of tax expenditures should be considered as indicative only.

Table B.1 Tax expenditure summary¹

	2016-17 ² \$ million	2017-18 \$ million
Payroll Tax		
Exemption threshold	1,392	1,384
Deduction scheme	342	361
Section 14 exemptions		
Local Government	143	148
Education	192	196
Hospitals	393	425
Total Payroll Tax	2,462	2,513
Land Tax		
Liability thresholds ³	726	744
Graduated land tax scale	666	868
Primary production deduction	86	88
Part 6 Divisions 2 and 3 exemptions not included elsewhere ⁴	140	142
Land developers' concession	12	13
Total Land Tax	1,630	1,855
Duties		
Transfer duty on residential property		
Home concession	406	406
First home concession	222	221
First home vacant land	30	31
Insurance duty		
WorkCover	57	62
Health insurance	420	437
Total Duties	1,134	1,157
Taxes on Gambling		
Gaming machine taxes	114	122
Casino taxes	8	9
Total Gambling Tax	122	131
Total	5,348	5,656

Notes:

1. Numbers may not add due to rounding.
2. 2016-17 estimates may have been revised since the 2017-18 Budget.
3. Land tax is payable only on the value of taxable land above a threshold which depends on the ownership structure.
4. Applicable, but not limited, to religious bodies, public benevolent institutions and other exempt charitable institutions.

Discussion of individual taxes

Payroll tax

The benchmark tax base for payroll tax is assumed to be all taxable wages, salaries and supplements (including employer superannuation contributions) paid in Queensland, as defined in the *Payroll Tax Act 1971*. The benchmark tax rate for payroll tax is assumed to be the statutory rate applying in each financial year.

Payroll tax exemption threshold

Employers who employ in Queensland with an annual Australian payroll of \$1.1 million or less are exempt from payroll tax. On the basis of 2016-17 average weekly earnings, this threshold corresponded to approximately 13 full-time equivalent employees. This exemption is designed to assist small and medium sized businesses.

Deduction scheme

Employers who employed in Queensland with Australian payrolls between \$1.1 million and \$5.5 million benefited from a deduction of \$1.1 million, which reduced by \$1 for every \$4 by which the annual payroll exceeded \$1.1 million. The deduction is pro-rated for interstate wages. There was no deduction for employers or groups that had an annual payroll in excess of \$5.5 million.

Section 14 exemptions

A number of organisations are provided with exemptions from payroll tax under Section 14 of the *Payroll Tax Act 1971*. The activities for which estimates have been calculated are wages paid by public hospitals, non-tertiary private educational institutions and local governments (excluding commercial activities).

Land tax

The benchmark tax base is assumed to be all freehold land within Queensland, excluding residential land used as a principal place of residence and land owned by individuals with a value for that year below the threshold. The benchmark tax rate for land tax is assumed to be the top rate of land tax applicable in Queensland in each financial year.

Liability thresholds

Land tax is payable on the value of taxable land equal to or above a threshold which depends on the land’s ownership. The threshold for companies, trusts and absentees is \$350,000 and for resident individuals the threshold is \$600,000.

Land owned by resident individuals as their principal place of residence is excluded from the estimate. The exemption from paying below a minimum amount is not included as a tax expenditure as it is regarded as the application of an administration threshold.

Graduated land tax scale

A graduated (concessional) scale of land tax rates is applicable to land with a taxable value of less than \$5 million for resident individuals and companies, trustees and absentees.

The benchmark rates used for estimating the tax expenditures were 1.75% for individuals and 2.0% for companies, trustees and absentees.

Primary production deduction

The taxable value of land owned by a resident individual, trustee or some absentees and companies does not include all or part of their land that is used for the business of agriculture, pasturage or dairy farming.

Part 6 Divisions 2 and 3 exemptions (not elsewhere included)

A number of land tax exemptions are granted in Part 6 Divisions 2 and 3 of the *Land Tax Act 2010* to eligible organisations. These include, but are not limited to, public benevolent institutions, religious institutions and other exempt charitable institutions, retirement villages, trade unions and showgrounds.

Land developers’ concession

Land tax payable by land developers is calculated on the basis that the unimproved value of (undeveloped) land subdivided in the previous financial year and which remains unsold at 30 June of that year is 60% of the Valuer-General’s value. This concession is outlined in Section 30 of the *Land Tax Act 2010*.

Duties

Home concession

A concessional rate of duty applies to purchases of a principal place of residence. A 1% concessional rate applies on dutiable values up to \$350,000, rather than the normal schedule of rates between 1.5% and 3.5%. For properties valued over \$350,000, the scheduled rates of transfer duty apply on the excess.

First home concession

Where a purchaser has not previously owned a residence in Queensland or elsewhere, the purchaser of a home receives a more generous concession on duty. This concession comprises a rebate in addition to the home concession on properties (this concession may not be applicable if the purchase price is less than the full market value of the property). The size of the rebate depends on the value of the property. A full concession is provided to purchases of a first principal place of residence valued up to \$500,000.

First home vacant land concession

A first home concession is available for the purchase of certain vacant land up to the value of \$400,000, with a full concession available on certain vacant land up to the value of \$250,000.

Insurance duty

The benchmark tax base is assumed to be all premiums for general insurance policies (not for life insurance). The benchmark tax scale is assumed to be the scale that actually applied in each financial year.

Gambling taxes

Gaming machine tax concessions for licensed clubs

The benchmark tax base is assumed to be all gaming machines operated by licensed clubs and hotels in Queensland. The benchmark tax rate is assumed to be the highest marginal tax rate (as is applied to hotels) that actually applied in each financial year.

A progressive tax rate scale applies to gaming machines operated by licensed clubs. The tax rate is calculated monthly on the gaming machine taxable metered win and the top tax rate is only applied to the portion of gaming machine revenue where the monthly metered win exceeds \$1.4 million for any licensed club.

Casino tax concessions

The benchmark tax base is assumed to be all casinos operating in Queensland. The benchmark tax rate is assumed to be the highest tax rate that is actually applied in each financial year.

A tax rate of 20% of gross revenue applies for standard transactions in the Brisbane and Gold Coast casinos. A concessional tax rate of 10% applies for gross revenue from standard transactions in the Cairns and Townsville casinos. The tax rate applicable to gaming machines in casinos is 30% of gross revenue in the Brisbane and Gold Coast casinos and 20% in the Cairns and Townsville casinos.

In addition, concessional rates of 10% also apply for revenue from high rollers table game play in all casinos. A goods and services tax (GST) credit is provided to casinos that approximates a reduction in the above tax rates of 9.09%

Appendix C: Revenue and expense assumptions and sensitivity analysis

The Queensland Budget, like those of other jurisdictions, is based in part on assumptions made about parameters that are uncertain, both internal and external to the State, which can impact directly on economic and fiscal forecasts.

This appendix outlines the assumptions underlying the revenue and expense estimates and analyses the sensitivity of the estimates to changes in the economic and other assumptions. This analysis is provided to enhance the level of transparency and accountability of the Government.

The forward estimates in the Budget are framed on a no policy change basis. That is, the expenditure and revenue policies in place at the time of the Budget (including those announced in the Budget) are applied consistently throughout the forward estimates period.

The following discussion provides details of some of the key assumptions, estimates and risks associated with revenue and expenditure and, where a direct link can be established, the indicative impact on forecasts resulting from a movement in those variables.

Table C.1 Taxation and royalty revenue¹

	2016-17 Actual \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Payroll tax	3,695	3,887	4,086	4,312	4,574	4,850
Transfer duty	3,278	3,090	3,214	3,396	3,578	3,768
Other duties	1,405	1,477	1,572	1,650	1,731	1,816
Gambling taxes and levies	1,127	1,194	1,307	1,388	1,448	1,471
Land tax	1,082	1,183	1,313	1,368	1,433	1,512
Motor vehicle registration	1,681	1,755	1,829	1,892	1,961	2,032
Other taxes	651	699	834	1,179	1,227	1,273
Total taxation revenue	12,919	13,284	14,155	15,184	15,951	16,722
Royalties						
Coal	3,405	3,768	3,522	3,135	2,774	2,866
Petroleum ²	98	188	447	446	438	450
Other royalties ³	376	371	479	506	515	506
Land rents	122	157	167	172	178	189
Total royalties and land rents	4,000	4,484	4,615	4,260	3,904	4,011

Notes:

- 1. Numbers may not add due to rounding.
- 2. Includes impact of liquefied natural gas (LNG).
- 3. Includes base and precious metal and other mineral royalties.

Taxation revenue assumptions and revenue risks

The rate of growth in tax revenues is dependent on a range of factors that are linked to the rate of growth in economic activity in the State. Some taxes are closely related to activity in specific sectors of the economy, whilst others are broadly related to the general rate of economic growth, employment, inflation and wages. A change in the level of economic activity, resulting from economic growth differing from forecast levels, would impact upon a broad range of taxation receipts.

Wages and employment growth – payroll tax collections

Wages and employment growth have a direct impact on payroll tax collections. The Budget assumptions are for an increase in wages of 2½ and an increase in employment of 1½% in 2018-19. The composition of the payroll tax base is also important as businesses in fast growing sectors such as tourism, retail and hospitality are often outside the tax base because they are below the threshold. A one percentage point variation in either Queensland wages growth or employment would change payroll tax collections by approximately \$41 million in 2018-19.

Transfer duty estimates

Transfer duty collections in 2018-19 are expected to increase by 4.0% on the 2017-18 estimated actual with restrained growth in the residential sector being supported by stronger growth in large non-residential transactions and revenue from the additional foreign acquirer duty measure. Across the forward estimates period, moderate growth is expected in both residential and non-residential transfer duty as sentiment in both markets begins to improve.

A one percentage point variation in either the average value of property transactions or the volume of transactions would change transfer duty collections by approximately \$32 million in 2018-19.

Royalty assumptions and revenue risks

Table C.2 Coal royalty assumptions

	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Tonnages - crown export ¹	212	222	233	236	242
Exchange rate US\$ per A\$ ²	0.78	0.75	0.75	0.75	0.75
Year average coal prices (US\$ per tonne)³					
Hard coking	198	161	140	130	130
Semi-soft	142	128	110	101	101
Thermal	87	89	79	75	75
Year average oil price					
Brent (US\$ per barrel)	62	73	67	66	67

Notes:

- 1. Excludes coal produced for domestic consumption and coal where royalties are not paid to the Government, i.e. private royalties. 2018-19 estimate for domestic coal volume is approximately 26.1 Mt and private coal is 11.2 Mt.
- 2. Year average.
- 3. Price for highest quality coking and thermal coal. Lower quality coal can be sold below this price with indicative average prices for 2018-19 as follows: Hard coking US\$151 and thermal US\$83.

Royalty Assumptions

Table C.2 provides the 2018-19 Budget assumptions regarding coal royalties, which represent the bulk of Queensland’s royalty revenue.

Exchange rate and commodity prices and volumes – royalties estimates

Estimates of mining royalties are sensitive to movements in the A\$-US\$ exchange rate and commodity prices and volumes. Contracts for the supply of commodities are generally written in US dollars. Accordingly, a change in the exchange rate impacts on the Australian dollar price of commodities and therefore expected royalties collections.

Coal

For each one cent movement in the A\$-US\$ exchange rate, the impact on royalty revenue would be approximately \$66 million in 2018-19.

A 1% variation in export coking and thermal coal volumes would lead to a change in royalty revenue of approximately \$32 million. A 1Mt variation would lead to a change in royalty revenue of approximately \$14 million.

A 1% variation in the average price of export coal would lead to a change in royalty revenue of approximately \$50 million.

Parameters influencing Australian Government GST payments to Queensland

The Queensland Budget incorporates estimates of GST revenue grants to Queensland based on Australian Government estimates of national GST collections and Queensland Treasury assumptions of Queensland’s share. The estimates of collections are primarily determined by the value of consumption subject to GST.

Since the Australian Government payments are based on the amount actually collected, it is Queensland’s Budget that bears the risks of fluctuations in GST collections. As with all other tax estimates, there is a risk of lower collections than estimated if economic growth and consumption are weaker than expected.

Due to the complexities associated with the GST base, the information provided in the Australian Government Budget Papers is not sufficient to prepare indicative forecasts of the sensitivity of GST estimates to key variables.

Sensitivity of expenditure estimates and expenditure risks

Public sector wage costs

Salaries and wages form a large proportion of General Government Sector operating expenses. Increases in salaries and wages are negotiated through enterprise bargaining agreements.

The 2018-19 Budget and forward estimates reflect wage increases as per existing agreements and the Government’s wages policy where outcomes are yet to be finalised.

A general 1% increase in wage outcomes in one year would increase expenses by around \$240 million in that year. The impact would compound and be much larger in the later years.

Interest rates

The General Government Sector has a total debt servicing cost estimated at \$1.474 billion in 2018-19. The current average duration of General Government Sector debt is just over 5.5 years. The majority of General Government Sector debt is held under fixed interest rates and therefore the impact of interest rate variations on debt servicing costs in 2018-19 would be relatively modest, with the impact occurring progressively across the forward estimates.

Actuarial estimates of superannuation and long service leave

Liabilities for superannuation and long service leave are estimated by the State Actuary with reference to, among other things, assumed rates of investment returns, salary growth, inflation and discount rate. These liabilities are therefore subject to changes in these parameters. Similarly, the long service leave liabilities are subject to the risk that the actual rates of employee retention will vary from those assumed in the liability calculation.

Appendix D: Fiscal aggregates and indicators

Table D.1 Key Fiscal Aggregates¹

	2010-11 Actual \$ million	2011-12 Actual \$ million	2012-13 Actual \$ million	2013-14 Actual \$ million	2014-15 Actual \$ million	2015-16 Actual \$ million	2016-17 Actual \$ million	2017-18 Revised \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
General Government												
Total revenue	42,013	45,801	41,755	46,705	49,970	50,780	56,194	58,259	57,738	58,835	59,939	62,269
Tax revenue	9,981	10,608	10,937	11,840	12,598	12,547	12,919	13,284	14,155	15,184	15,951	16,722
Total expenses	43,479	46,028	46,313	46,217	49,551	50,112	53,369	56,747	57,590	58,675	59,829	61,579
Employee expenses	16,826	18,250	18,130	17,816	18,592	20,045	21,258	22,838	23,807	24,645	25,541	26,466
Net operating balance	(1,466)	(226)	(4,558)	488	420	668	2,825	1,512	148	160	110	690
Capital purchases	8,237	7,971	7,001	6,323	4,635	4,044	4,634	4,905	5,927	7,557	7,396	7,081
Net capital purchases	5,583	5,241	3,389	3,087	992	1,164	2,285	2,119	3,183	4,044	3,512	3,331
Fiscal balance	(7,049)	(5,467)	(7,947)	(2,599)	(572)	(497)	540	(604)	(3,033)	(3,881)	(3,400)	(2,636)
Borrowings	24,594	29,518	37,879	41,369	43,105	35,486	33,260	31,367	32,311	35,861	39,588	42,290
Net debt	(9,542)	(5,720)	2,399	5,208	5,749	653	(335)	(267)	2,815	7,336	11,018	13,707
Non-Financial Public Sector												
Total revenue	49,040	52,307	49,181	53,502	56,178	57,393	64,840	66,192	65,467	66,510	67,970	70,550
Capital purchases	13,306	11,980	10,774	9,313	7,811	6,852	7,305	7,656	9,057	10,786	10,523	10,177
Borrowings	53,708	61,542	69,086	72,637	75,233	72,922	71,904	69,501	70,871	75,214	79,750	83,093

Notes:

1. Bracketed numbers represent negative amounts.

Table D.2 Key Fiscal Indicators¹

	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Revised	2018-19 Budget	2019-20 Projection	2020-21 Projection	2021-22 Projection
General Government												
Revenue/GSP	16.2	16.5	14.8	16.1	16.9	16.7	17.2	16.6	15.8	15.5	15.1	15.0
Tax/GSP	3.8	3.8	3.9	4.1	4.3	4.1	4.0	3.8	3.9	4.0	4.0	4.0
Own source revenue/GSP	8.3	8.2	8.2	8.6	8.9	8.9	8.8	8.5	8.2	8.1	7.8	7.7
Expenses/GSP	16.7	16.5	16.4	16.0	16.8	16.5	16.3	16.2	15.8	15.5	15.1	14.8
Employee expenses/GSP	6.5	6.6	6.4	6.2	6.3	6.6	6.5	6.5	6.5	6.5	6.5	6.4
Net operating balance/GSP	(0.6)	(0.1)	(1.6)	0.2	0.1	0.2	0.9	0.4	0.0	0.0	0.0	0.2
Capital purchases/GSP	3.2	2.9	2.5	2.2	1.6	1.3	1.4	1.4	1.6	2.0	1.9	1.7
Net cash inflows from operating activities/Net cash flows from investments in non-financial assets	26.3 (2.7)	36.3 (2.0)	(40.8) (2.8)	45.9 (0.9)	97.5 (0.2)	122.9 (0.2)	133.5 0.2	99.0 (0.2)	59.7 (0.8)	40.2 (1.0)	44.5 (0.9)	53.2 (0.6)
Fiscal balance/GSP	9.5	10.6	13.4	14.3	14.6	11.7	10.2	8.9	8.9	9.5	10.0	10.2
Borrowings/GSP	58.5	64.4	90.7	88.6	86.3	69.9	59.2	53.8	56.0	61.0	66.0	67.9
Borrowings/revenue												
Revenue growth	13.3	9.0	(8.8)	11.9	7.0	1.6	10.7	3.7	(0.9)	1.9	1.9	3.9
Tax growth	12.6	6.3	3.1	8.3	6.4	(0.4)	3.0	2.8	6.6	7.3	5.0	4.8
Expenses growth	17.2	5.9	0.6	(0.2)	7.2	1.1	6.5	6.3	1.5	1.9	2.0	2.9
Employee expenses growth	17.6	8.5	(0.7)	(1.7)	4.4	7.8	6.1	7.4	4.2	3.5	3.6	3.6
Non-Financial Public Sector												
Capital purchases/GSP	5.1	4.3	3.8	3.2	2.6	2.3	2.2	2.2	2.5	2.8	2.7	2.5
Borrowings/GSP	20.7	22.1	24.5	25.1	25.5	24.0	22.0	19.8	19.4	19.9	20.1	20.0
Borrowings/revenue	109.5	117.7	140.5	135.8	133.9	127.1	110.9	105.0	108.3	113.1	117.3	117.8
Net financial liabilities ² /revenue	112.3	132.1	157.1	148.7	140.7	144.0	128.5	124.0	129.4	132.4	135.2	134.3

Notes:

1. Bracketed numbers represent negative amounts.
2. UPF definition, which is equal to total financial assets less investments in other public sector entities less total liabilities.



Queensland Budget 2018-19
Budget Strategy and Outlook Budget Paper No.2
budget.qld.gov.au

CAPITAL STATEMENT
Budget Paper No. 3
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2018-19 Queensland Budget Papers

- 1. Budget Speech**
- 2. Budget Strategy and Outlook**
- 3. Capital Statement**
- 4. Budget Measures**
- 5. Service Delivery Statements**

Appropriation Bills

Budget Highlights

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Capital Statement
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State Budget
2018-19

Capital Statement

Budget Paper No. 3

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1 Approach and highlights

Features

- The Palaszczuk Government is delivering a significant capital works program, including both productivity-enhancing economic infrastructure and essential social infrastructure, to support Queensland’s growing population.
- With the State’s population having grown to more than five million, the Palaszczuk Government’s infrastructure program will generate jobs, drive economic growth, enhance the productive capacity of the State’s business and industries, and improve the quality of life enjoyed by Queensland families and communities.
- Over the forward estimates period, the Palaszczuk Government has allocated a total of \$45.769 billion to fund essential infrastructure and capital works to build the State’s cities and support the growth of Queensland’s regional economies.
- In 2018-19, the Palaszczuk Government will deliver a \$11.583 billion capital program, up from \$10.171 billion allocated for the 2017-18 capital program in last year’s Budget.
- To meet the needs of Queensland’s growing population, the Government’s 2018-19 capital works program includes a \$4.950 billion investment in roads and transport infrastructure.
- Key transport funding in 2018-19 includes: \$147.3 million towards M1 Pacific Motorway upgrades; \$534.3 million towards the Toowoomba Second Range Crossing; \$200 million to duplicate the Bruce Highway from four to six lanes, from Caloundra Road to the Sunshine Motorway; and \$733 million for the Cross River Rail Delivery Authority to continue to progress the planning, procurement and development associated with the \$5.409 billion Cross River Rail project.
- Capital purchases for the health portfolio total \$985.5 million in 2018-19, including \$84.8 million as part of the Enhancing Regional Hospitals program and \$53.3 million as part of the Rural and Regional Infrastructure package.
- The education portfolio will make \$674.3 million of capital purchases in 2018-19, including \$125.2 million for new classrooms and infrastructure in state secondary schools to accommodate the six full cohorts in 2020 and \$94.5 million as part of the \$808 million Building Future Schools Fund.
- The energy and water portfolios will make capital purchases of \$2.178 billion and \$277 million respectively in 2018-19 to deliver cost effective, safe, secure and reliable energy and water supply across the State.
- The Budget also includes significant investments to support the delivery of priority justice and public safety services in Queensland communities in 2018-19, including \$107 million out of a total \$241 million to provide 348 additional cells at Capricornia Correctional Centre and \$55 million in 2018-19 to refurbish, upgrade or replace police facilities across the State.

- Key capital investments in social housing in 2018-19 include \$339.1 million to construct new dwellings and upgrade existing properties and \$103.6 million of capital grants to assist non-government organisations to construct and upgrade social housing dwellings.
- A key element of the Government’s capital program is providing grants to local governments to ensure they can deliver the essential infrastructure needed to support communities across Queensland. The Government’s 2018-19 capital grants program of \$1.661 billion includes \$147.8 million for Works for Queensland, providing councils with the resources to deliver small priority infrastructure projects throughout the State.
- The Government is providing \$9.5 million of additional disaster resilience spending in 2018-19 (\$38 million over four years), recognising the importance of building the resilience of local communities to ensure they recover more quickly after a disaster and ensure essential services and transport links are maintained.
- The Government has implemented a clear focus on improving the timely delivery of essential infrastructure for Queensland. This has resulted in an improvement in the amount of capital expenditure delivered, with the proportion of budgeted capital purchases actually delivered in 2016-17 being the highest in the past five years. Further improvement is anticipated in 2017-18, with more than 90 per cent of budgeted capital purchases expected to be delivered, compared with the average of 85 per cent for the past five years from 2012-13 to 2016-17.

1.1 Introduction

The arrival of the five millionth Queenslander in May 2018 highlighted the challenges and opportunities that the State faces with a growing population. The 2018-19 capital statement outlines how the Queensland Government will meet these challenges by building new infrastructure, including new schools and hospitals and better transport networks, which will help Queenslanders and local businesses succeed.

In addition to meeting the challenges of a growing population and maintaining world-class essential services, the Government’s vision for infrastructure is about generating jobs and building a strong and sustainable modern economy for all Queenslanders. Whether it’s sports stadiums, schools or hospitals, infrastructure will support the social and economic activity of future Queenslanders.

Projects such as the Western Roads Upgrade Supplement, Bruce Highway and M1 Pacific Motorway upgrades, and Cross River Rail will provide the vital transport links which will be the catalyst to unlock communities and expand economic activity across the State. Infrastructure assessment by Building Queensland ensures the right infrastructure is being built at the right time and with quantifiable returns. The Government’s detailed infrastructure strategy is outlined in the regularly updated State Infrastructure Plan.

The Government’s substantial infrastructure investment directly generates significant employment during construction. It is estimated that the \$11.583 billion capital works program in 2018-19 will directly support more than 38,000 jobs, equating to around 33,000 full time equivalent jobs.

In addition to the more immediate construction-related jobs generated through the capital works program, the resulting infrastructure will support and create future jobs, by attracting and encouraging private sector investment, increasing the productivity, efficiency and competitiveness of the State’s businesses and industries, and expanding the long-term productive capacity of the economy.

1.2 Capital planning and prioritisation

1.2.1 State Infrastructure Plan

The State Infrastructure Plan (SIP) provides a clear vision for planning, investment and delivery of infrastructure in Queensland. The SIP underpins the Government’s commitment to support jobs and the economy, by ensuring the State is investing in the right infrastructure, in the right place and at the right time. The implementation of the SIP is led by the Department of State Development, Manufacturing, Infrastructure and Planning.

The SIP is designed to provide confidence and certainty to industry, local government and the community by confirming the Government’s investment program over the next four years.

SIP Part A, released in March 2016, sets out the Government’s medium-term agenda. This forms the basis of the regularly updated SIP Part B which details the current investment program. The 2018 SIP Part B update will align with the 2018-19 State Budget and reflect the Government’s current capital investment program. The update will continue to give the private sector and all levels of government confidence to invest in the State. The update is a critical tool to align and integrate national, state, regional and local infrastructure planning.

1.2.2 Building Queensland

Building Queensland is a statutory body that provides independent, expert advice on major infrastructure to Queensland Government departments, government-owned corporations and nominated statutory authorities. Established under the *Building Queensland Act 2015*, its core functions are to develop and independently prioritise the State’s infrastructure proposals.

Building Queensland leads the development of detailed business cases with an estimated capital cost of delivery over \$100 million and assists with proposals between \$50 million and \$100 million. Building Queensland also develops the Infrastructure Pipeline Report to assist the Government in determining the projects that will best address the State’s infrastructure priorities. The Infrastructure Pipeline Report provides transparency of key Government proposals under development.

Detailed business cases completed by Building Queensland include the following projects:

- Beerburrum to Nambour Rail Upgrade
- Bruce Highway: Cairns Southern Access Corridor Stage 3 (Edmonton to Gordonvale)
- Bruce Highway: Cairns Southern Access Corridor Stage 4 (Kate Street to Aumuller Street)
- Bruce Highway: Caboolture/Bribie Island Road to Steve Irwin Way
- Bruce Highway: Maroochy Interchange Upgrade
- Cross River Rail

- European Train Control System
- Five Schools Package
- Lower Fitzroy River Infrastructure Project
- Public Safety Regional Radio Communications
- Arthur Gorrie Correctional Centre
- The Smithfield Transport Corridor Upgrade
- Townsville Eastern Access Rail Corridor

1.2.3 Queensland Transport and Investment Program (QTRIP)

QTRIP is an annually published program of works that outlines the Department of Transport and Main Roads’ current and planned investments in road and transport infrastructure over the next four years. It includes roads, railways, active transport, marine infrastructure and public transport solutions. The strategic intent of QTRIP 2018-19 to 2021-22 is shaped by the SIP Part A and the Transport Coordination Plan 2017-2027.

QTRIP is developed in accordance with funding allocations identified by the Queensland and Australian Governments, which align to both governments’ policy objectives. QTRIP 2018-19 to 2021-22 four-year total is now \$21.7 billion, an increase of approximately \$700 million compared to QTRIP 2017-18 to 2020-21.

1.3 Innovative funding and financing

1.3.1 State Infrastructure Fund

The \$2.2 billion State Infrastructure Fund (SIF) was established to boost infrastructure investment, increase business confidence and fund priorities in both the SIP and Building Queensland’s Infrastructure Pipeline. Components of the SIF include:

- \$200 million for the Priority Economic Works and Productivity Program. Funding has been allocated to the Department of Transport and Main Roads to deliver six high priority transport projects. Located around Queensland, these projects will be progressively delivered through to December 2020.
- \$180 million for the Significant Regional Infrastructure Projects Program, now delivering 25 significant social and economic infrastructure projects or programs in key regional centres across Queensland. All projects are forecast for completion by the end of June 2019.
- \$30 million for the Maturing the Infrastructure Pipeline Program, which comprises \$20 million from the SIF and \$10 million from the 2017-18 State Budget. This program facilitates councils to progress projects through the infrastructure planning pipeline so that required infrastructure can be identified, planned, funded and built sooner. This program has enabled maturity assessments of all 141 ‘proposals raised through consultation’ and will support 92 ‘future opportunities’ identified in the 2016 SIP Part B, which inform both state and local government infrastructure planning and budgetary processes.

Further, during 2017-18, the Department of State Development, Manufacturing, Infrastructure and Planning undertook needs analysis and options assessment for an additional 40 infrastructure projects submitted by 22 local governments. The remainder of the initial \$20 million SIF allocation and the additional \$10 million now funds a new local government infrastructure grant program. This will support local governments to undertake either strategic planning for infrastructure, or business cases and/or detailed design for infrastructure proposals.

- \$800 million allocated towards the delivery of Cross River Rail and a further \$50 million to establish the Cross River Rail Delivery Authority. These initial allocations for Queensland’s number one infrastructure project align with the Government’s priorities to attract investment, build infrastructure and foster innovation.
- \$200 million for round one of the Works for Queensland program approved in 2016-17. This stage of the program prioritised regional areas outside South East Queensland which are experiencing higher unemployment rates. The program is delivering jobs through priority maintenance and minor infrastructure works for 65 local governments across Queensland.

The 2017-18 State Budget allocated an additional \$200 million over two years for a second Works for Queensland funding round, which was then supplemented by a further \$200 million during 2017-18. This brings the total program funding over the five-year period from 2016-17 to 2020-21 to \$600 million.

Table 1 shows the programs which are receiving funding through the SIF.

Table 1 State Infrastructure Fund

Program	Total \$ million
Maturing the Infrastructure Pipeline Program (MIPP) ¹	20
Priority Economic Works and Productivity Program ²	200
Significant Regional Infrastructure Projects Program	180
Works for Queensland Round One ³	200
Cross River Rail ⁴	850
Pacific Motorway (Mudgeeraba - Varsity Lakes)	44
Smithfield Bypass	69
Centenary Motorway Upgrade package	48
Tourism infrastructure	50
Woodford	1
Bruce Highway	128.5
M1 Action Plan	55
Building Better Hospitals ⁵	352.6
Unallocated	1.9
State Infrastructure Fund total	2,200

1. A further \$10 million was added to the MIPP as part of the 2017-18 State Budget, but this is not being funded through SIF.
2. \$100 million reallocated to the Bruce Highway and M1 Action Plan projects.
3. A further \$200 million was added to the Works for Queensland program as part of the 2017-18 State Budget, but this is not being funded through SIF.
4. SIF contribution to the \$5.409 billion Cross River Rail project.
5. SIF contribution to the \$679 million Building Better Hospitals commitment.

1.3.2 Market-Led Proposals

Market-Led Proposals (MLPs) were introduced in the 2015-16 Budget as part of the Government’s plan to create jobs and stimulate the economy. An MLP is a submission from the private sector seeking a commercial arrangement with Government to provide a service or infrastructure that will meet a community need.

MLPs are intended to provide benefits to Government and the Queensland community. They are preferably “low risk – low cost” to Government and must present a clear case for direct negotiation as an alternative to seeking value for money through a competitive process.

The Government needs to be satisfied that no other proposal addressing the same need – or proposing a similar outcome – is under active consideration by the State and that the proposal is a genuine commercial proposition.

Projects which are wholly, or largely, privately funded and of economic or social significance to Queensland or a region, such as those that support a large number of jobs or will generate significant economic activity beyond the project, are highly regarded.

As a result of the recent machinery-of-government changes, MLPs are now administered by the Department of State Development, Manufacturing, Infrastructure and Planning.

Criteria for success

A proposal must meet the following assessment criteria for initial consideration:

- Satisfy a community need and align with Government’s priorities.
- Demonstrate that the public interest is best served by Government negotiating directly with the proponent, rather than by engaging in a competitive process.
- Deliver a value-for-money outcome to the State, which can be determined in the absence of a competitive market.
- Have a proponent with the financial and technical capacity, capability, and experience to deliver the outcome successfully.

If progressed to detailed proposal, this will be assessed to determine that:

- There is an allocation of costs and risks between the proponent and the Government that is acceptable to the State.
- The proposal is technically, commercially, and practically feasible.

A successful MLP will result in the Government contracting directly with a proponent rather than offering the opportunity to the market through a competitive process.

MLPs – Approved proposals

Two MLPs have reached contractual close and are in delivery phase:

Logan Motorway Enhancement Project

Transurban Queensland (TQ), which operates and maintains the Logan, Gateway and Gateway Extension motorways under a long-term agreement with the State, was the first proponent in Queensland to progress to contract award under the Queensland Government’s MLP framework.

TQ’s \$512 million enhancement to the Logan and Gateway Extension motorways will provide a range of improvements to the motorways and surrounding roads to improve driver safety, reduce travel times, relieve traffic congestion and enhance connectivity with other major road networks.

The project is expected to support around 1,300 jobs during the two-and-a-half-year construction period and generate around \$1 billion (present value) in economic benefits over 30 years.

TQ will fully finance the costs of the works and will predominantly fund the project through moderate toll increases for trucks using the Logan and Gateway motorways. There will also be a new toll facility for motorists if they choose to use new south-facing ramps at Compton Road to access and exit the Gateway Extension Motorway.

The project is expected to be completed in mid-2019.

Brisbane International Cruise Terminal

The Port of Brisbane Pty Ltd (PBPL) is capitalising on its experience, capabilities and location to build and operate a new \$158 million cruise ship terminal on government land across the river from the existing freight port.

The terminal will cater to the new generation of mega cruise ships, which are unable to access existing infrastructure upstream of the Gateway Bridge. This will provide for an expansion of the cruise ship market in Queensland, stimulating the economy and bringing more tourists to the State.

Over its two-and-a-half-year construction period, the project is expected to support an average of 245 jobs a year and, once operational, safeguard up to 1,250 existing cruise industry jobs and support a further 49 jobs a year.

PBPL has programmed a completion date of April 2020.

MLPs – Projects in the detailed proposal stage

A further five proposals have been assessed as meeting the MLP criteria and have progressed to Stage 2: Detailed planning.

1.3.3 Public-private partnerships

The Queensland Government is engaged in a range of public-private partnerships (PPPs) that often involve the private sector constructing an asset, which is then leased to the public sector.

Whilst a PPP transfers construction and maintenance risk to the private sector, given the arrangement has the public sector effectively retaining the risks and rewards of ownership of an asset, the Government's financial statements recognise an acquisition under a finance lease and a corresponding finance lease liability. The liability for the proportion of expenditure related to financing and ongoing costs is treated as a borrowing in the State's balance sheet.

Acquisitions under finance leases and finance lease liabilities are typically recognised once construction has been completed and the lease commences, rather than recognising expenditure and associated borrowings across the construction period as occurs under traditional delivery.

In 2018-19, the value of acquisitions under finance leases is \$864 million. Given the significant value of acquisition under finance leases in 2018-19, it is important that this method of infrastructure delivery is recognised as part of the Capital Statement.

Cross River Rail, the Queensland Government's highest priority infrastructure project, is being delivered through several works packages with a PPP for the Tunnels, Stations and Development Package currently in procurement. This approach optimises risk allocation and provides opportunities for the private sector to provide innovation in relation to the delivery and maintenance of tunnels, stations and over station development to improve outcomes.

1.3.4 Other infrastructure investment facilitated by the State

Building our Regions

Building our Regions is a \$445 million targeted regional infrastructure program for local government projects. The purpose of the program is to provide funding for critical infrastructure in regional areas of the State that meet the specific needs of communities and supports economic development, including generating jobs.

Of this funding, \$150 million was allocated to the Transport Infrastructure Development Scheme (TIDS) to increase the funding delivered through TIDS to regional local governments. These funds are managed by the Department of Transport and Main Roads.

The remaining \$295 million has been allocated to the Department of State Development, Manufacturing, Infrastructure and Planning. Of this, the program has allocated almost \$225 million across 174 projects, with a further \$70 million available under Round 4. Projects that have been shortlisted at the expression of interest stage in Round 4 are expected to be announced mid-2018. Councils will then be invited to submit a detailed application for shortlisted projects.

Works for Queensland

The Works for Queensland program supports local governments outside South East Queensland by funding job-creating maintenance and minor infrastructure projects relating to assets owned or controlled by local governments.

The 2017-18 State Budget allocated an additional \$200 million over two years for a second Works for Queensland funding round, which was then supplemented by a further \$200 million during 2017-18. This brings the total program funding over the five-year period from 2016-17 to 2020-21 to \$600 million.

In 2018-19, \$147.8 million will be delivered from these additional funds.

Disaster Resilience Program

Queensland is prone to natural disasters and, while rebuilding after a disaster is important, increasing resilience of our infrastructure to lessen the impacts of natural disasters means that communities can recover more quickly after a natural disaster strikes. Therefore, a critical element of the Government’s infrastructure investment is improving existing infrastructure to improve the resilience of the State’s communities.

To help foster this enhanced resilience, \$9.5 million is allocated in 2018-19 to the Disaster Resilience Fund, a State-funded program delivering \$38 million over four years and administered by the Queensland Reconstruction Authority, to support delivery of disaster-mitigation projects and initiatives that build resilience to natural disasters.

1.4 Key projects

This section provides an overview of key Queensland Government infrastructure projects and capital works programs.

1.4.1 Delivery phase

Bruce Highway upgrades

Many Queenslanders are dependent on the Bruce Highway for their livelihood and lifestyle. With the Bruce Highway connecting cities and towns over a distance of almost 1,700 kilometres from Brisbane to Cairns, it is essential to maintain and upgrade the Bruce Highway to ensure freight, travel and commuter traffic is safe and efficient.

The Queensland Government will continue to work with the Australian Government to deliver the Bruce Highway Upgrade Program, aimed at improving safety, flood resilience and capacity along its length. Projects are regularly being added to the program’s scope of works, delivering greater benefits for Queensland motorists and businesses.

M1 Pacific Motorway upgrades

A safe, efficient and reliable M1 Pacific Motorway plays an important role in driving productivity and competitiveness across South East Queensland. The Government is delivering several major projects underway on the M1, including the Pacific Motorway/Gateway Motorway Merge project and the Mudgeeraba to Varsity Lakes project, both of which are due for completion in 2020.

In addition, as part of the 2018-19 Budgets, the Queensland and Australian Governments have committed funding for two key projects on the M1 Pacific Motorway: Tugun to Varsity Lakes and Eight Mile Plains to Daisy Hill.

The 10 kilometre section of the M1 Pacific Motorway between Varsity Lakes and Tugun on the Queensland and New South Wales border carries approximately 85,000 vehicles per day, including around 7,500 heavy vehicles. Business case development for the widening of the section from four to six lanes will continue during 2018-19. The indicative total estimated cost for the project of \$1.030 billion is subject to review through business case development.

The section of the M1 Pacific Motorway between Eight Mile Plains to Daisy Hill carries in the order of 150,000 vehicles per day, including approximately 12,000 heavy vehicles. Building Queensland is developing a detailed business case for this stretch of the M1 Pacific Motorway, investigating the widening from six to eight lanes, at a total estimated cost of \$749 million.

Toowoomba Second Range Crossing

The Toowoomba Second Range Crossing (TSRC) project is a \$1.606 billion, 41 kilometre bypass route to the north of Toowoomba, running from the Warrego Highway at Helidon in the east to the Gore Highway at Athol in the west, via Charlton. The project is being jointly funded by the Queensland and Australian Governments on a 20:80 basis.

The project will support up to 1,800 full-time jobs during construction and is expected to improve road and driver safety, reduce travel time across the Range by up to 40 minutes for heavy commercial vehicles and relieve pressure on local roads by redirecting trucks away from Toowoomba’s CBD.

In 2015, the Nexus consortium was awarded the contract to deliver the TSRC and will be responsible for its design, construction, financing, operation and maintenance for a period of 25 years following completion, which is expected in 2019. The contract was structured as an availability-based Public Private Partnership, with the State providing upfront funding contributions during the construction stage and ongoing service payments over the 25 year operation and maintenance stage, with the latter dependent on performance.

The TSRC will be a toll road and its use will be mandated for heavy vehicles without a Toowoomba destination.

North Queensland Stadium (NQ Stadium)

The \$250 million NQ Stadium project will deliver an iconic, 25,000-seat stadium in Townsville in time for the 2020 NRL season.

The NQ Stadium is a joint project of the Queensland Government, Australian Government, and Townsville City Council and is supported by both the National Rugby League and the North Queensland Cowboys. The stadium forms part of the Townsville City Deal signed in December 2016.

The NQ Stadium is expected to support up to 750 jobs during the construction phase as well as on-going jobs in hospitality, new tourism opportunities and major events. The stadium will also be a catalyst for urban renewal and regeneration for Townsville’s inner city and waterfront.

Construction work has commenced.

Building Better Hospitals

As part of its Building Better Hospitals commitment, the Government will invest \$679 million to redevelop three of South East Queensland’s busiest hospitals in Logan, Caboolture and Ipswich, commence planning and business case development for the Wide Bay region and refurbish three Cancer Council Queensland lodges. This investment will help to deliver the critical infrastructure needed to meet the increase in current and future demand for hospitals and other healthcare services in these fast-growing areas.

In rural and regional Queensland, the Government will continue to deliver a range of hospital expansions and upgrades through the Enhancing Regional Hospitals Program, the Advancing Queensland’s Health Infrastructure Program, and the Rural and Regional Infrastructure package.

Building Future Schools and Renewing our Schools

The Government has increased the \$500 million Building Future Schools Fund by an additional \$308 million, to cater for enrolment growth in high population growth areas. Through the now \$808 million Building Future Schools Fund, the Government will build seven new secondary schools, a new special school in the Caboolture area and a new primary school at Ripley. The Government will also begin planning for four additional primary schools, two special schools and a new state high school in growth regions across the State.

For existing state high schools, the Government’s Renewing Our Schools Program will provide an additional \$235 million over four years to 2021-22 to substantially refurbish 17 state high schools across the State.

Queen’s Wharf Brisbane

The Queen’s Wharf Brisbane development is a private investment of \$3.5 billion in the urban renewal of the former government precinct, located on the Brisbane River, that was offered to the market by the Queensland Government, to create an iconic world class tourism offering.

The successful proponent, Destination Brisbane Consortium, will deliver five new premium hotels, three residential towers, in excess of 100 food and beverage and retail outlets, around 12 football fields (11 hectares) of enhanced public open space, the adaptive re-use of heritage buildings in the precinct and the construction of a pedestrian bridge to South Bank.

Consistent with the Government’s focus on job creation, the project will provide significant economic development opportunities for Queensland by supporting more than 2,000 jobs during construction and 8,000 ongoing jobs.

Demolition of the old government office buildings has been completed with excavation works now underway. The integrated resort is expected to open in 2022.

1.4.2 Procurement and planning phase

The Government is committed to the following projects and is currently undertaking procurement and planning works in order to deliver critical infrastructure for Queenslanders.

Cross River Rail

Cross River Rail is a 10.2 kilometre rail line from Dutton Park to Bowen Hills, with 5.9 kilometres of tunnel under the Brisbane River and CBD. Cross River Rail will see four new high capacity and two upgraded stations developed at Boggo Road, Woolloongabba, Albert Street, Roma Street, Dutton Park and the Exhibition showgrounds.

This second rail river crossing will deliver additional trains more often, ease congestion, improve network reliability and increase accessibility to the Brisbane CBD. The Government recognises the significant potential of this infrastructure to boost jobs and economic growth, and add value to commercial and residential development sites across the region. The Government is committed to maximising the benefits that can be achieved through integrated transport and land use development.

The Cross River Rail project’s total cost of delivery is forecast to be \$5.409 billion over the period 2016-17 to 2023-24. The Queensland Government is fully funding the delivery of Cross River Rail and has provided the necessary funding, whilst continuing to call on the Australian Government to provide a contribution that reflects the national importance of this project.

During the 2017-18 financial year, the Cross River Rail project has progressed to the early works and procurement phase, with delivery and procurement overseen by the Cross River Rail Delivery Authority. Contractors have been shortlisted for the two major works packages – the Tunnel, Stations and Development PPP and the Rail, Integration and Systems alliance.

In this Budget, \$733 million is allocated in 2018-19 for the Delivery Authority to continue to progress the planning, procurement and development associated with the Cross River Rail project. The Government has also continued its commitment to fully fund the Cross River Rail project, with the allocation of \$914 million in 2021-22, bringing total funding to \$3.726 billion to the end of the forward estimates. A further \$1.683 billion will be allocated in future budgets, over the period to 2023-24, to finalise delivery of the project.

European Train Control System (ETCS) – Inner City

Implementation of ETCS through the centre of Brisbane’s train network will improve safety and provide capacity to run additional rail services. ETCS – Inner City is critical to facilitate the Cross River Rail project and meet passenger demand while it is being delivered.

The Government has allocated \$634.4 million in its capital works program for delivery of ETCS between Milton and Northgate stations. The procurement of ETCS – Inner City has progressed in 2017-18, with the current Early Contractor Involvement procurement process expected to enable contract award in late 2018.

Rookwood Weir

The Rookwood Weir project presents an opportunity to supplement urban water supplies and enhance agricultural and industrial development in the Fitzroy Basin and Gladstone region. The weir could add 76,000 megalitres of water for agricultural production along the Fitzroy River and augment urban and industrial supply for Gladstone, Rockhampton and Livingstone Shire.

Significant steps have been taken throughout the year toward the construction of Rookwood Weir. During 2017-18, Building Queensland publicly released the detailed business case. The Queensland Government has allocated \$176 million of funding across the next four years and has welcomed the Australian Government’s matching commitment. This means the capital costs of \$352 million for the project are fully funded.

The Queensland Government continues to engage with the Australian Government to formalise the details of the arrangement and to agree on an appropriate split of operational costs for the Rookwood Weir so that procurement can commence in 2018. This would allow construction to commence in 2019.

New Performing Arts Venue at the Queensland Performing Arts Centre

The Queensland Government has committed to deliver a new \$150 million state-of-the-art theatre for Brisbane, investing \$125 million over four years from 2018-19.

This investment in a new theatre follows the recommendations of the detailed business case for a 1,500 to 1,700 seat theatre at the Playhouse Green site, to be operated by the Queensland Performing Arts Centre (QPAC), which will contribute \$25 million to the new venue.

QPAC, which schedules over 1,000 performances annually to which 1.3 million people attended in 2017, is nearing full capacity with a strong forward program of bookings to 2022 and beyond.

The unique opportunity exists to invest in QPAC’s growth to create Queensland’s largest performing arts centre, with five outstanding venues that will further bolster Queensland’s cultural vibrancy, support our local arts sector and drive cultural tourism.

With QPAC operating the new theatre, it can program across all venues to ensure Queensland companies are supported by the best sized theatre and season duration, while also meeting growing demand for musicals.

A national design competition will be undertaken to deliver an outstanding architectural solution for the new theatre. The addition of this new theatre will see QPAC become Australia’s largest performing arts centre with the potential to welcome an additional 300,000 visitors each year when fully operational from 2022.

Brisbane Live

Brisbane Live proposes the establishment of a world class integrated entertainment and transport precinct at Roma Street, including a 17,000-seat entertainment arena, to be developed in conjunction with the precinct redevelopment for Cross River Rail.

An allocation of \$5 million in 2018-19 will enable the Cross River Rail Delivery Authority to progress the Brisbane Live proposal as part of its precinct planning for Roma Street. Building Queensland will undertake an independent business case assessment of the proposal, with support from the Delivery Authority.

Port of Townsville Channel Capacity Upgrade

The Port of Townsville Limited (POTL) is proposing to widen the existing Platypus Channel and Sea Channel connection to the Port to allow larger vessels safe access, at an estimated cost of \$193 million. The Queensland Government is investing \$75 million into the project and is seeking matching funding from the Australian Government, with POTL funding \$43 million.

As well as widening the channels, associated works include construction of rock walls and revetments to form receiving ponds for the beneficial re-use of dredge material, establishing a quarry to supply marine-grade armour rock required for rock walls and revetments, and installing navigation aids aligned with the new channel configuration. The POTL intends to beneficially re-use capital dredge material consistent with the *Sustainable Ports Development Act 2015*.

North Coast Line – Beerburrum to Nambour Rail Project

The Queensland Government is providing \$160.8 million over four years towards the Beerburrum to Nambour rail duplication project to address the infrastructure and capacity constraints on this section of the North Coast Line. Detailed design will commence in 2018-19, with construction to be delivered in stages based on further negotiations with the Australian Government. The Australian Government has provided an initial \$390 million over five years towards the project.

New Public Transport Ticketing System

The State has provided \$371.1 million for a new public transport ticketing system that will be delivered across public transport over the next four years. The system will add new customer facing functionality including payment by contactless debit and credit cards, mobile phones and wearables in addition to *go card* and paper tickets.

1.5 Highlights by asset class

This section provides highlights by asset class for the 2018-19 capital program. The asset classes are based on the SIP.

1.5.1 Transport

In 2018-19, the total capital program for transport is forecast to be \$4.950 billion including total capital grants of \$239.3 million. This includes the Department of Transport and Main Roads, Queensland Rail, Far North Queensland Ports Corporation Limited, Gladstone Ports Corporation Limited, North Queensland Bulk Ports Corporation Limited, Port of Townsville Limited, RoadTek, the Gold Coast Waterways Authority and the Cross River Rail Delivery Authority. The Department of Transport and Main Roads will spend \$89.2 million in 2018-19 for the new public transport ticketing system.

Roads

Highlights of the 2018-19 roads capital program include:

- \$147.3 million towards M1 Pacific Motorway upgrades, including:
 - \$70 million to construct additional lanes on the Pacific Motorway between Mudgeeraba and Varsity Lakes, in partnership with the Australian Government, at a total estimated cost of \$197.5 million.
 - \$50 million to upgrade the Pacific Motorway/Gateway Motorway Merge, in partnership with the Australian Government, at a total estimated cost of \$190 million.
 - \$17 million to upgrade approximately nine kilometres of the Pacific Motorway between Eight Mile Plains and Daisy Hill to reduce congestion and travel times, in partnership with the Australian Government, at a total estimated cost of \$749 million.
 - \$5 million for the widening of the section from four to six lanes between Varsity Lakes and Tugun, at a total estimated cost of \$1.030 billion.
- \$200 million to duplicate the Bruce Highway from four to six lanes, Caloundra Road to the Sunshine Motorway, at a total estimated cost of \$812.9 million, in partnership with the Australian Government.
- \$115 million to construct the Mackay Ring Road (Stage 1), at a total estimated cost of \$497.4 million, in partnership with the Australian Government.
- \$45 million to widen the Gateway Motorway North to six lanes, at a total cost of \$1.143 billion, in partnership with the Australian Government.
- \$44.1 million to widen the seal and to apply wide centre line treatment at various locations on the Warrego Highway between Dalby and Miles, at a total cost of \$63.6 million.
- \$40 million to duplicate from two to four lanes on the section of the Bruce Highway (Rockhampton Northern Access) between Rockhampton-Yeppoon Road intersection and Terranova Drive, North of Rockhampton, at a total cost of \$121 million, in partnership with the Australian Government.
- \$534.3 million to continue the Toowoomba Second Range Crossing project, a bypass route to the north of Toowoomba, approximately 41 kilometres in length, running from the Warrego Highway at Helidon to the Gore Highway at Athol, via Charlton, at a total cost of \$1.606 billion, in partnership with the Australian Government.

- \$70 million of infrastructure development grants to local governments including Aboriginal and Torres Strait Islander community assistance.
- \$68 million to provide a three kilometre upgrade of the Ipswich Motorway between Granard Road, Rocklea and Oxley Road, Oxley at a total cost of \$400 million, in partnership with the Australian Government.

Rail

The 2018-19 rail capital program totals \$1.807 billion. Highlights of the program include:

- \$733 million to continue to progress the planning, procurement, and development associated with the Cross River Rail project.
- \$472.3 million to continue delivery of 75 new six-car sets and services over a 32-year period for the New Generation Rollingstock to meet growing demand for rail services in South East Queensland, as well as further \$35.3 million to support the delivery of the New Generation Rollingstock into service.
- \$237.4 million for network investment including track infrastructure, civil structures, signalling and other network assets.
- \$88.8 million for rail operations investment including rollingstock overhauls, operational facilities, and other rail operations assets.
- \$43.3 million to upgrade (or improve) station accessibility at various train stations including Strathpine, Boondall, Morayfield, Southbank, Dakabin, Cannon Hill, Buranda, Fairfield, Albion, East Ipswich and Loganlea Stations, at a total estimated cost of \$230.9 million.
- \$35.4 million to implement the European Train Control System – Inner City, at a total estimated cost of \$634.4 million.
- \$21.9 million to upgrade the capacity of the North Coast Rail Line to increase productivity and efficiency of freight transport, at a total estimated cost of \$82.7 million.
- \$19.6 million to improve customer experience, maintain service continuity and build network resilience on the Townsville – Mount Isa Rail Line.
- \$14.7 million to revitalise and modernise Brisbane’s Central Station to improve the customer experience and cater for future growth, at a total estimated cost of \$65.9 million.
- \$14.4 million out of the Queensland Government’s contribution of \$160.8 million towards the Beerburrum to Nambour rail duplication project to address the infrastructure and capacity constraints on this section of the North Coast Line.

Ports

The 2018-19 ports capital program totals \$181.2 million. Highlights of the program include:

- \$83.5 million towards ongoing development of the Port of Gladstone and additional works at the Port of Bundaberg and the Port of Rockhampton, including \$35.6 million towards continuing upgrades at the RG Tanna Coal Terminal at the Port of Gladstone, at a total cost of \$220.3 million.
- \$75.1 million towards ongoing development at the ports of Townsville and Lucinda, including \$44.3 million of a Queensland Government contribution of \$75 million to continue preparatory and initial works to widen Townsville’s shipping channel to allow larger vessels to access the Port of Townsville, at a total project cost of \$193.5 million.

- \$15 million to continue port planning and development initiatives to meet industry requirements for export facilities at North Queensland ports.
- \$7.5 million towards new and continuing development of ports in Far North Queensland, including \$2 million to continue to develop the Tingira Street Precinct in Cairns, at a total cost of \$17.9 million.

1.5.2 Energy

The 2018-19 energy capital program is \$2.178 billion. The capital program supports the Government’s commitment to deliver cost-effective, safe, secure and reliable energy.

Highlights of the energy portfolio’s 2018-19 capital program include:

- \$1.461 billion of capital purchases by Energy Queensland Limited as a part of its commitment to providing a safe, secure and highly reliable electricity supply to all Queensland customers that is both cost effective and dependable. This includes \$29 million in 2018-19 to continue work on the multi-stage SunCoast Power Project to increase network capacity and improve reliability on the Sunshine Coast.
- \$232.7 million of capital purchases by Powerlink, Queensland’s high voltage electricity transmission entity, predominantly focused on refit or replacement of aged equipment and assets. This includes the \$8.7 million refit in 2018-19 of the Collinsville-Proserpine Transmission Line in North Queensland, to ensure continued reliable supply of electricity.
- \$225.5 million of capital purchases by CS Energy, reflecting its continued commitment to ongoing reliability and efficiency of generation plant at its power station sites. This includes \$104.6 million in 2018-19 to improve the Callide Power Station and \$90.5 million in 2018-19 to improve the Kogan Creek Power Station.
- \$208.6 million of capital purchases by Stanwell Corporation, which primarily relates to replacement, refurbishment and upgrades to plant and equipment at the various Queensland power station sites, such as the planned \$39.9 million major overhaul of the Tarong Power Station in 2018-19.
- Up to \$50 million to support the development of concentrated solar thermal with storage projects to provide clean and baseload power.

1.5.3 Water

The 2018-19 water capital program is \$277 million. The capital program supports the Government’s commitment to deliver cost-effective, safe, secure and reliable water supply.

Highlights of the water portfolio’s 2018-19 capital program include:

- \$147.2 million of capital purchases by Seqwater to continue a safe, secure and reliable water supply for South East Queensland, as well as providing essential flood mitigation services and managing catchment health.
- \$66 million to commence construction of Rookwood Weir to supplement urban water supplies and enhance agricultural and industrial development in the Fitzroy Basin and Gladstone region to provide drought contingency supplies, out of a \$352 million total capital spend.

- \$25.6 million of capital purchases by SunWater with a focus on the continuation of a reliable bulk water supply for regional Queensland and ensuring SunWater’s dams are enhanced to meet the extreme weather events that the State can experience.
- \$31.8 million of capital purchases by the Gladstone Area Water Board and Mount Isa Water Board to continue effective operations of the water boards’ property, plant and equipment.

1.5.4 Health

Total capital purchases in 2018-19 for the health portfolio are \$985.5 million. The 2018-19 capital program includes investment in health infrastructure, capital works and purchases across a broad range of areas including hospitals, ambulance stations and vehicles, health technology, research and scientific services, mental health services, staff accommodation and information and communication technology.

Highlights of the 2018-19 capital program for the health portfolio include:

- \$84.8 million as part of the Enhancing Regional Hospitals Program, to continue upgrades to the Hervey Bay and Gladstone Emergency Departments, repurpose the Caloundra Health Service and redevelop the Roma Hospital.
- \$80 million under the Priority Capital Program to be distributed across Hospital and Health Services and Health Support Queensland for a range of capital works projects to enhance, refurbish or replace existing infrastructure and to sustain and improve business and service level continuity.
- \$53.3 million to continue delivery of projects as part of the Rural and Regional Infrastructure package, including redevelopment of Blackall Hospital, Sarina Hospital, Kingaroy Hospital and Townsville Hospital Clinical Services, construction of a new Cairns Mental Health Unit, Mer (Murray) Island Building and staff accommodation across the State, and delivery of a Maryborough Hospital Emergency Department and Specialist Outpatients Department.
- \$28.7 million as part of the \$679 million Building Better Hospitals program, to redevelop Logan (including a new maternity ward), Caboolture and Ipswich hospitals, commence planning and business case development for the Wide Bay region and refurbish three Cancer Council Queensland lodges.
- \$28.1 million to establish a new Adolescent Extended Treatment Facility at The Prince Charles Hospital, two new Adolescent Step Up Step Down units in Brisbane, and to refurbish two Adolescent Day Program spaces at Logan and the Gold Coast, at a total estimated cost of \$68.2 million.
- \$26.6 million as part of the Advancing Queensland’s Health Infrastructure Program, at a total estimated cost of \$230 million. The program facilitates essential upgrades to health facilities and supporting infrastructure across Queensland, including repurposing of the Nambour General Hospital, redevelopment of Atherton Hospital Emergency Department and operating theatres and redevelopment of the Thursday Island Hospital.
- \$15.1 million for the Queensland Ambulance Service to invest in vehicles and stretchers including commissioning 85 new and replacement ambulance vehicles and continuing the rollout of power-assisted stretchers.

1.5.5 Education and Training

The education portfolio will make capital purchases of \$674.3 million in 2018-19. This includes the construction and refurbishment of school educational facilities, early childhood education and care services.

Total capital purchases for the training portfolio, including the Department of Employment, Small Business and Training and TAFE Queensland, are \$57.4 million in 2018-19.

Highlights of the education and training capital programs include:

- \$125.2 million as part of the \$250 million for new classrooms and other infrastructure in state secondary schools to accommodate the six full cohorts in 2020.
- \$122.5 million to undertake new stages for recently opened schools and provide additional classrooms at existing schools in growth areas throughout the State.
- \$98.5 million in capital grants to the non-state schooling sector and student hostels.
- \$94.5 million as part of the \$808 million Building Future Schools Fund to deliver world class learning environments for students and address enrolment growth pressures in state schools.
- \$84.2 million to replace and enhance facilities at existing schools.
- \$47 million as part of \$97 million in total funding for the Advancing Clean Energy Schools program to upgrade and install solar and energy efficiency measures in state schools.
- \$30 million out of the up to \$85 million over three years, committed as part of the election commitment for the Advancing Our Training Infrastructure initiative to redevelop, refurbish and expand key high-need TAFE facilities.
- \$17.3 million to renew and grow Queensland’s training assets required for delivery of priority skills training that supports workforce and economic development.
- \$15 million as part of \$235 million in total funding for the Renewing Our Schools program to substantially refurbish and upgrade 17 schools across the State.
- \$8 million as part of \$25.6 million in total funding to conduct upgrades and renewal works at 31 state schools.

1.5.6 Digital

The 2018-19 capital program features a range of projects designed to facilitate improvements in the State’s digital infrastructure.

Highlights across Government include:

- \$164.2 million to be invested in 2018-19 prioritised information and communication technology categories to ensure continued efficiency of the Queensland Health system. This will include investment in core infrastructure to support digital hospitals, replacement and enhancement of core clinical systems to support frontline health service provision and decision making at the point of care.
- \$22.6 million to help deliver a modern statewide Laboratory Information System, at a total estimated cost of \$60.9 million.

- \$8.9 million to support Queensland Ambulance Service information and communication technology.
- \$8.5 million to acquire new and/or replace state-of-the-art scientific equipment by the Queensland Institute of Medical Research.
- \$8.4 million to expand and upgrade existing audio visual capacity in the justice system, which includes video conferencing and in-custody court appearances.
- \$8.3 million to implement an online Blue Card application system.
- \$2 million to design and plan a single TAFE Queensland IT network and Wi-Fi upgrade.

1.5.7 Justice and Public Safety

The 2018-19 Budget provides significant investment in capital purchases to support the delivery of essential justice and public safety services to Queensland communities.

Highlights of the 2018-19 justice and public safety capital program include:

- \$55 million to refurbish, upgrade or replace police facilities across the State.
- \$44.3 million for replacement and new urban and rural fire appliances.
- \$31.8 million to continue to replace rotary-wing aircraft, which deliver aeromedical retrieval and transfer services and perform search and rescue and disaster response operations.
- \$30 million for new and replacement police service vehicles.
- \$29.8 million to replace or upgrade urban and rural fire and emergency and state emergency services facilities across Queensland.
- \$19 million to support the transition of 17 year olds into the Youth Justice system (including for zonal fencing and an additional 12 beds at the Cleveland Youth Detention Centre), at a total estimated cost of \$26 million.
- \$13.9 million to upgrade courthouses at Rockhampton, Beenleigh and Townsville, at a total estimated cost of \$32 million.
- \$10.6 million to continue construction of the Counter-Terrorism and Community Safety Training Centre at Wacol, at a total estimated cost of \$46.7 million.

In addition, \$167.8 million of capital purchases will be provided in 2018-19 primarily for prison infrastructure, perimeter security upgrades, correctional centre enhancements and security management system upgrades. These capital purchases include:

- \$107 million to provide an additional 348 cells at Capricornia Correctional Centre, at a total estimated cost of \$241 million.
- \$20.5 million to continue upgrading perimeter security at a number of correctional centres, at a total estimated cost of \$76.6 million.
- \$3.7 million to redevelop the Borallon Training and Correctional Centre, at a total estimated cost of \$126.9 million.

1.5.8 Arts, Culture and Recreation

Significant investment is provided in 2018-19 for arts, culture and recreation. Highlights of this investment include:

- \$120 million to develop the North Queensland Stadium.
- \$37.3 million under the Get Playing Places and Spaces and Get Playing Plus programs and other various grants to provide for new or upgraded sport and recreation infrastructure and participation projects to support Queensland children and healthy communities.
- \$26.6 million in 2018-19 to support sport and recreation clubs at the grassroots through the delivery of infrastructure projects including the Underwood Sports Park, the University of the Sunshine Coast Stadium and the Zillmere Sports Centre.
- \$15.6 million out of a total estimated cost of \$44 million to complete construction of the Queensland State Netball Centre, in partnership with the Australian Government.
- \$13.5 million to redevelop the Mon Repos Turtle Centre.
- \$9.5 million to meet the Queensland Government’s contribution toward the \$35 million refurbishment of the Thomas Dixon Centre and to manage costs and associated works required to maintain and preserve the heritage-listed centre.
- The Government is providing additional funding of \$8 million over two years, held centrally, to the Rockhampton Regional Council for the construction of the new Rockhampton Art Gallery, subject to the confirmation of a \$10 million contribution from the Australian Government.
- \$7.5 million to support ecotourism opportunities and tourism recovery in the Whitsunday Islands National Park.
- \$5.8 million for the Great Keppel Island Recovery Package to deliver major tourism infrastructure improvements such as power and water connections to the mainland.
- \$5 million to build a new \$150 million performing arts venue at the Queensland Performing Arts Centre, benefitting Queensland artists and audiences.
- \$5 million capital grant towards the construction of the Cairns Performing Arts Centre.
- \$4.9 million to address critical infrastructure upgrade works at the Queensland Museum and installation of two further cooling towers within the Central Energy Plant at the Queensland Cultural Centre, South Bank.
- \$4.7 million to enhance critical infrastructure to support ecotourism activities at Glasshouse Mountain National Park, Noosa National Park and D’Aguilar National Park.

1.5.9 Social Housing

Social housing is provided by the Queensland Government and non-government organisations to assist people who are unable to secure and sustain accommodation in the private market. The Government’s capital investment in social housing in 2018-19 includes:

- \$339.1 million towards construction of new dwellings and upgrades to existing social housing properties.
- \$103.6 million of capital grants to assist non-government organisations and Aboriginal and Torres Strait Islander communities to construct and upgrade social housing dwellings.

This capital investment includes \$124.2 million for social housing in Aboriginal and Torres Strait Islander communities to deliver social housing dwellings, upgrade existing housing, and support transfer of social housing for home ownership on Indigenous land. Delivery of social housing in Aboriginal and Torres Strait Islander communities may need to be amended in recognition of the end of the National Partnership on Remote Housing funding, pending further negotiations with the Australian Government.

Under the *Queensland Housing Strategy 2017-2027*, the Department of Housing and Public Works delivers a range of programs that support the supply and improvement of social housing dwellings. In particular, the Housing Construction Jobs Program will fund the commencement of up to 599 social housing dwellings in 2018-19.

2 2018-19 Capital program overview

2.1 Introduction

Over the forward estimates period, the Queensland Government has allocated \$45.769 billion to provide essential infrastructure and capital works across the State, contributing to the ongoing transformation of the State’s cities and supporting ongoing growth of regional economies.

In 2018-19, the Palaszczuk Government will deliver a \$11.583 billion capital program, up from \$10.171 billion allocated for the 2017-18 capital program in last year’s Budget. The capital works program in 2018-19 is estimated to directly support more than 38,000 jobs, equating to around 33,000 full time equivalent jobs.

The 2018-19 capital program is comprised of \$9.922 billion of purchases of non-financial assets (PNFA) and acquisitions of non-financial assets under finance leases and \$1.661 billion of capital grants expenses.

The 2018-19 Budget also highlights the Government’s commitment to deliver critical infrastructure to meet the needs of Queenslanders throughout all regions of the State. The capital program in regional Queensland will be \$5.597 billion in 2018-19, up from \$4.811 billion in 2017-18 in last year’s Budget.

Around 65 per cent of the total capital program in 2018-19 will be spent outside of Greater Brisbane (Brisbane, Logan and Ipswich).

An important component of the Government’s capital program is undertaken through the Public Non-financial Corporations (PNFC) sector (that is, commercial entities of government, including government-owned corporations). Capital purchases by the PNFC sector in 2018-19 will comprise 27.1 per cent of the total capital program, reflecting major investments in port and rail infrastructure, as well as in the energy sector.

The Government has implemented a clear focus on improving the timely delivery of essential infrastructure for Queensland. This has resulted in an improvement in the amount of capital expenditure delivered, with the proportion of budgeted capital purchases actually delivered in 2016-17 being the highest in the past five years. Further improvement is anticipated in 2017-18, with more than 90 per cent of budgeted capital purchases expected to be delivered, compared with the average of 85 per cent for the past five years from 2012-13 to 2016-17.

2 Capital Statement 2018-19

2.2 Capital purchases

The Queensland Government is investing to provide essential infrastructure and capital works to meet the increasing service needs of Queenslanders and promote increased productivity and efficiency for the State’s industries.

The 2018-19 capital program is comprised of \$9.922 billion of PNFA and acquisitions of non-financial assets under finance leases.

Capital purchases by purpose in 2018-19 are shown in Chart 1. Transport continues to account for the largest share of purchases, followed by energy, health and community services, and education and training.

Chart 1 Capital purchases by purpose 2018-19

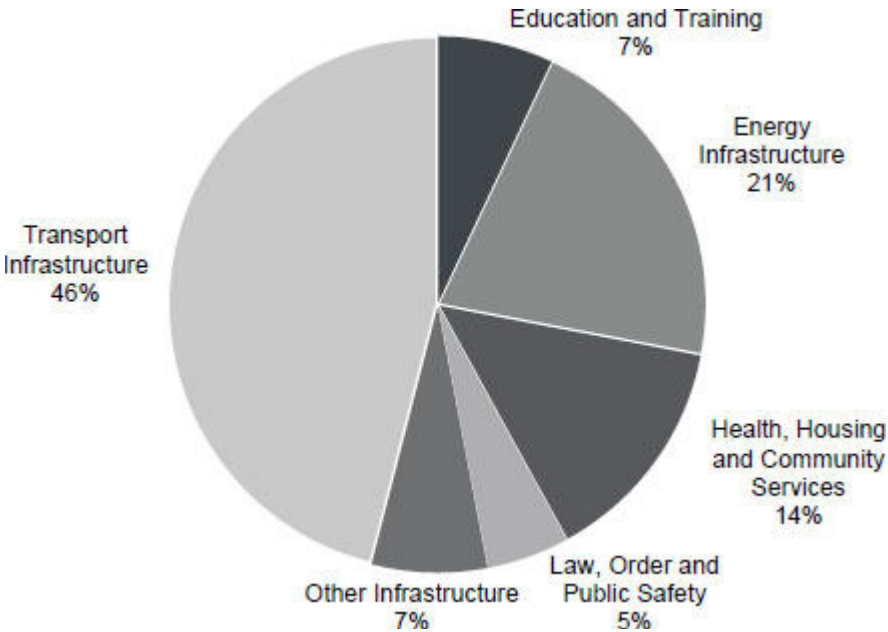


Table 2 shows capital purchases by Queensland Government entity, including the 2017-18 year (estimated actual) and the Budget for 2018-19. Transport and Main Roads has the largest proportion of total capital purchases.

Table 2 Capital purchases for 2018-19 by Queensland Government entity^{1,2}

Entity	2017-18 Est. Actual \$'000	2018-19 Budget \$'000
Aboriginal and Torres Strait Islander Partnerships	495	6,473
Agriculture and Fisheries	20,875	23,191
Child Safety, Youth and Women	27,511	49,589
Communities, Disability Services and Seniors	14,247	17,001
Education	626,954	674,301
Electoral Commission of Queensland	3,083	3,381
Employment, Small Business and Training	34,231	57,400
Environment and Science	62,468	102,391
Housing and Public Works	460,008	459,662
Innovation, Tourism Industry Development and the Commonwealth Games	2,180	196
Justice and Attorney-General	98,463	75,728
Legislative Assembly of Queensland	6,798	9,214
Local Government, Racing and Multicultural Affairs	18,855	3,290
Natural Resources, Mines and Energy		
Natural Resources, Mines and Energy	16,009	90,996
Energy Generation	251,236	434,030
Energy Transmission and Distribution	1,566,777	1,693,844
Water Distribution and Supply	217,099	204,658
Premier and Cabinet	3,232	1,047
Public Safety Business Agency ³	240,015	254,082
Queensland Corrective Services	46,994	167,752
Queensland Fire and Emergency Services	6,200	5,750
Queensland Health	798,792	985,479
Queensland Police Service	24,448	20,124
Queensland Treasury		
Queensland Treasury	13,712	6,125
Cross River Rail Delivery Authority	129,204	733,000
State Development, Manufacturing, Infrastructure and Planning	131,849	232,853
Transport and Main Roads		
Transport and Main Roads	3,117,653	3,208,813
Queensland Rail	582,404	587,472
Port Authorities	115,385	181,246
Other Agencies ⁴	24,783	1,596
Other Adjustments ⁵	(97,029)	280,825
Anticipated Contingency Reserve ⁶	(350,000)	(650,000)
Total Capital Purchases	8,214,931	9,921,509

	2017-18 Est. Actual \$'000	2018-19 Budget \$'000
Total Capital Purchases Breakdown		
Consisting of:		
Purchases of non-financial assets per Non-financial Public Sector Cash Flow Statement (BP2 Table 9.9)	7,655,729	9,057,206
New finance leases	559,202	864,303
Total Capital Purchases	8,214,931	9,921,509

- Notes
1.

Includes all associated statutory bodies.
2.

Numbers may not add due to rounding.
3.

The Public Safety Business Agency is a capital purchaser for Queensland Fire and Emergency Services, Queensland Police Service and the Office of the Inspector-General Emergency Management.
4.

Includes other Government entities with non-material capital programs.
5.

Representing Inter-agency eliminations, movements in capital payable and receivable, funds held centrally and other accounting adjustments to align with Uniform Presentation Framework Statements.
6.

Contingency recognises that on a whole-of-Government basis, there is likely to be under spending, resulting in a carryover of capital allocations.

Table 3 shows capital purchases by Regional Action Plan (RAP) region and statistical area. Around \$4.506 billion of total capital purchases are allocated to regional Queensland (Central Queensland, Darling Downs, Far North Queensland, Mackay – Whitsunday, Outback Queensland, Townsville and Wide Bay) in 2018-19, up from \$3.760 billion in 2017-18 in last year’s Budget.

Around 62 per cent of capital purchases in 2018-19 will be spent outside of Greater Brisbane (Brisbane, Logan and Ipswich).

Table 3 Capital purchases by RAP region and statistical area for 2018-19^{1,2}

Regional Action Plan Region	Capital Purchases \$'000	Statistical Area		Capital Purchases \$'000
Brisbane	2,536,477	301	Brisbane East	158,097
		302	Brisbane North	339,651
		303	Brisbane South	370,569
		304	Brisbane West	186,363
		305	Inner Brisbane	1,481,797
Ipswich ³	925,006	310	Ipswich	925,006
Wide Bay	488,365	319	Wide Bay	488,365
Darling Downs	1,154,155	307	Darling Downs Maranoa	394,937
		317	Toowoomba	759,218
Gold Coast	583,487	309	Gold Coast	583,487
Logan	298,341	311	Logan Beaudesert	298,341
Mackay-Whitsunday	452,750	312	Mackay	452,750
Outback Queensland ⁴	243,000	315	Outback	344,005
Far North Queensland ⁴	512,927	306	Cairns	411,922
Central Queensland	918,233	308	Fitzroy	918,233
Sunshine Coast and Moreton Bay	1,072,539	316	Sunshine Coast	722,842
		313	Moreton Bay North	183,612
		314	Moreton Bay South	166,085
Townsville	736,229	318	Townsville	736,229
Total Capital Purchases				9,921,509

Notes

- 1. Numbers may not add due to rounding.
- 2. The Anticipated Contingency Reserve and other adjustments have been spread across statistical areas proportionate to capital spends.
- 3. Capital purchases allocated to the Ipswich region include capital purchases related to the New Generation Rollingstock project, consistent with the approach adopted in previous State budgets.
- 4. \$101 million of capital purchases in the Outback statistical area belongs to the Far North Queensland region.

2.3 Capital grants

The Queensland Government provides grants for capital purposes to a range of organisations and private individuals.

Capital grants to local governments (LG), non-government organisations (NGOs) and individuals are illustrated in Chart 2 below. Capital grants are expected to be \$1.661 billion in 2018-19, the largest of which are capital grants to local governments for transport.

Chart 2 Capital grants by purpose and recipient

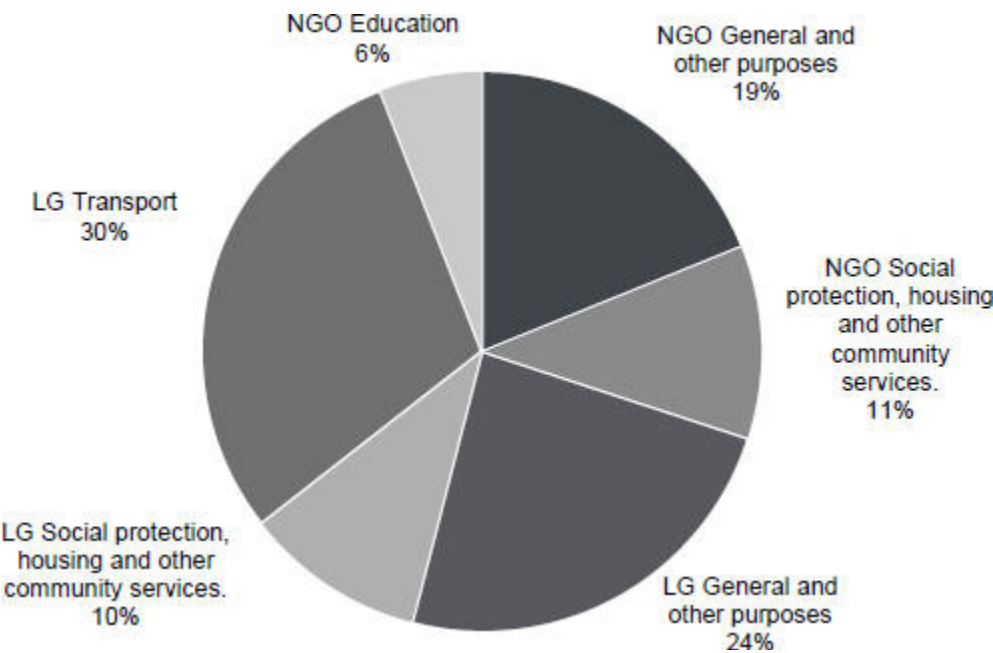


Table 4 shows the planned expenditure on capital grants by Queensland Government entity for 2018-19. State Development, Manufacturing, Infrastructure and Planning has the highest amount of capital grants.

Table 4 Expenditure on capital grants by Queensland Government entity for 2018-19^{1,2}

Entity	2017-18 Est. Actual \$'000	2018-19 Budget \$'000
Aboriginal and Torres Strait Islander Partnerships	12,653	13,607
Agriculture and Fisheries	3,292	1,679
Child Safety, Youth and Women	400	500
Communities, Disability Services and Seniors	2,754	3,138
Education	92,675	98,501
Environment and Science	9,508	6,965
Housing and Public Works	68,780	182,518
Innovation, Tourism Industry Development and the Commonwealth Games	10,932	34,484
Local Government, Racing and Multicultural Affairs	328,617	316,692
Natural Resources, Mines and Energy	—	50,000
Premier and Cabinet	5,000	1,015
Queensland Fire and Emergency Services	897	897
Queensland Treasury	210,897	139,725
State Development, Manufacturing, Infrastructure and Planning	365,376	487,301
Transport and Main Roads	231,964	239,338
Other Adjustments ³	80,273	84,909
Total Capital Grants	1,424,018	1,661,269

Notes

- 1. Includes associated statutory bodies.
- 2. Numbers may not add due to rounding.
- 3. Includes assets transferred, funds held centrally and other technical accounting adjustments.

Table 5 shows expenditure on capital grants by RAP region and statistical area. Around \$1.091 billion of total capital grants are allocated to regional Queensland (Central Queensland, Darling Downs, Far North Queensland, Mackay – Whitsunday, Outback Queensland, Townsville and Wide Bay) in 2018-19, up from \$1.051 billion in 2017-18 in last year’s Budget.

Around 79 per cent of capital grants in 2018-19 will be spent outside of Greater Brisbane (Brisbane, Logan and Ipswich).

Table 5 Capital grants by RAP region and statistical area for 2018-19^{1,2}

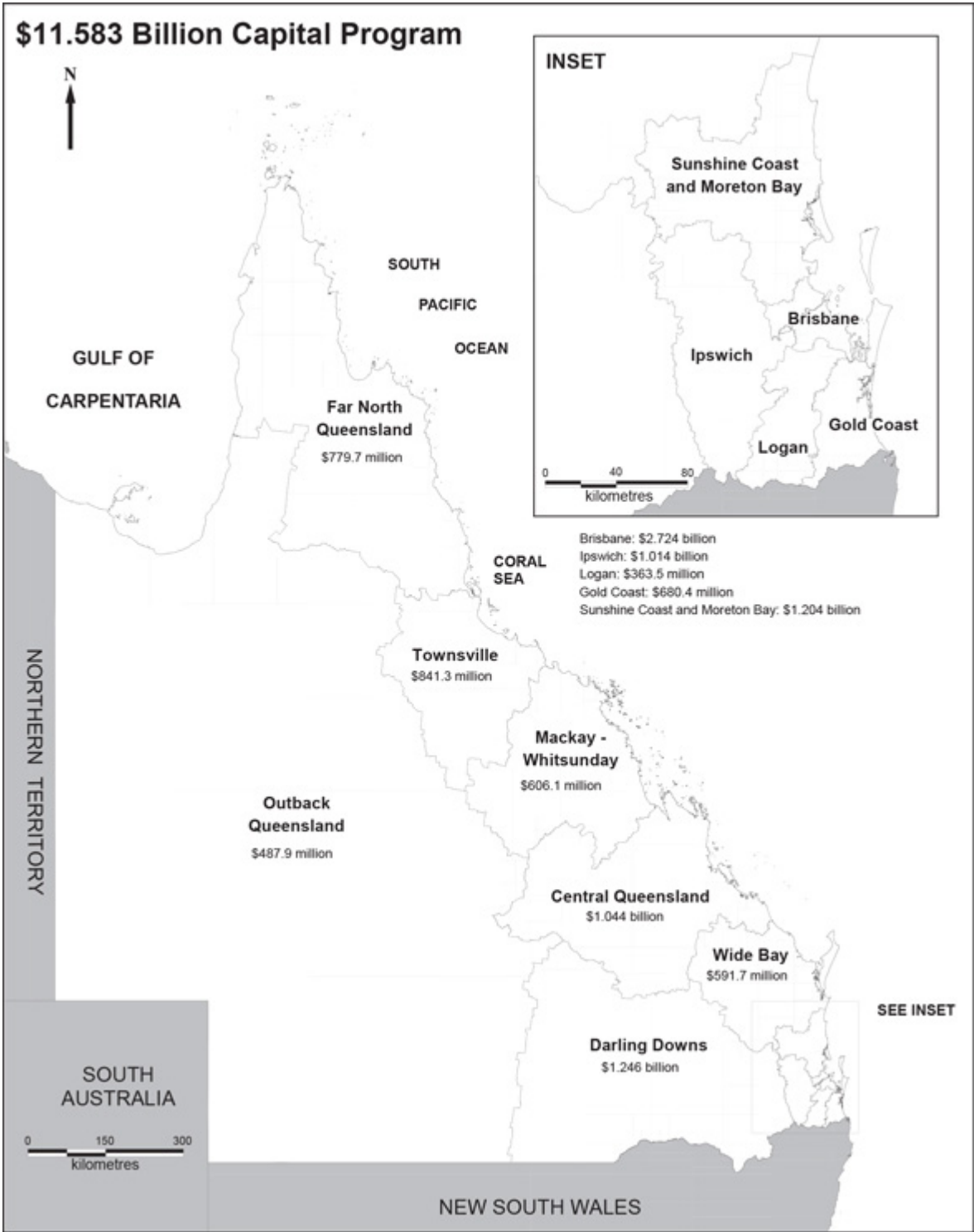
<u>Regional Action Plan Region</u>	<u>Grants \$'000</u>		<u>Statistical Area</u>	<u>Grants \$'000</u>
Brisbane	187,895	301	Brisbane East	33,571
		302	Brisbane North	33,207
		303	Brisbane South	47,270
		304	Brisbane West	25,937
		305	Inner Brisbane	47,910
Ipswich	88,686	310	Ipswich	88,686
Wide Bay	103,344	319	Wide Bay	103,344
Darling Downs	91,480	307	Darling Downs Maranoa	54,202
		317	Toowoomba	37,278
Gold Coast	96,886	309	Gold Coast	96,886
Logan	65,152	311	Logan Beaudesert	65,152
Mackay-Whitsunday	153,395	312	Mackay	153,395
Outback Queensland ³	244,939	315	Outback	365,722
Far North Queensland ³	266,786	306	Cairns	146,003
Central Queensland	125,928	308	Fitzroy	125,928
Sunshine Coast and Moreton Bay	131,707	316	Sunshine Coast	61,820
		313	Moreton Bay North	38,817
		314	Moreton Bay South	31,070
Townsville	105,071	318	Townsville	105,071
Total Capital Grants				1,661,269

Notes

- 1. Numbers may not add due to rounding.
- 2. The adjustments referred to in Table 4 have been spread across statistical areas proportionate to allocation of Grants.
- 3. \$120.8 million of capital grants in the Outback statistical area belongs to the Far North Queensland region.

Chart 3 shows the distribution of the total 2018-19 capital program (capital purchases and capital grants) across the geographical regions of Queensland, as classified for Budget Paper 3 purposes.

Chart 3 Map of capital program by Queensland regions



Note: Boundaries are based on ASGS 2011

3 Capital outlays by entity

3.1 ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS

Department of Aboriginal and Torres Strait Islander Partnerships

Total capital purchases for the Department of Aboriginal and Torres Strait Islander Partnerships are estimated to be \$6.5 million in 2018-19. Total capital grants for the department are estimated to be \$13.6 million in 2018-19.

Program Highlights (Property, Plant and Equipment)

- \$6 million to acquire land to support the Cape York Peninsula Tenure Resolution Program, which returns ownership and management of land on Cape York to traditional owners.
- \$473,000 for other property, plant and equipment.

Program Highlights (Capital Grants)

- \$13.6 million to develop infrastructure in remote and discrete Aboriginal and Torres Strait Islander communities, including \$4 million for Splash parks in the Cape York Communities of Pormpuraaw, Napranum and Mapoon, and \$1.2 million for the Kowanyama Men’s Shed and Women’s Meeting Place.

Aboriginal and Torres Strait Islander Partnerships					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
DEPARTMENT OF ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS					
Property, Plant and Equipment					
Cape York Peninsula Tenure Resolution Program land acquisitions	315	6,000		6,000	
Other property, plant and equipment	Various			473	Ongoing
Total Property, Plant and Equipment				6,473	
Capital Grants					
Indigenous land and infrastructure programs	Various	117,261	103,654	13,607	
Total Capital Grants				13,607	
TOTAL ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS (PPE)					
TOTAL ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS (CG)					

3.2 **AGRICULTURE AND FISHERIES**

Department of Agriculture and Fisheries

Capital purchases and grants for the Department of Agriculture and Fisheries, reporting to the Minister for Agricultural Industry Development and Fisheries are \$22.1 million for 2018-19. The department’s capital program is focused on developing and upgrading research facilities to deliver outcomes for agriculture, biosecurity, fisheries and forestry.

The department has facilities located throughout rural and regional Queensland. These require continual minor works, mechanical items and plant and equipment upgrades to keep them operating effectively.

Program Highlights (Property, Plant and Equipment)

- \$5.5 million to continue upgrades to the department’s research and operational facilities through the Research Facilities Development, Scientific Equipment and Minor Works Programs.
- \$3 million to upgrade and refurbish existing facilities at Toowoomba, which will enhance service delivery and improve operational efficiencies.
- \$2.5 million to provide new and replacement heavy plant and equipment including trucks, tractors, irrigators, all-terrain vehicles and other machinery.
- \$1.1 million to continue to replace vessels and marine equipment for fisheries research and regulatory functions.
- \$1 million to commence restoration of the heritage listed Jimna Fire Tower located outside Kilcoy.
- \$406,000 for leasehold fitout replacements to the Ecosciences and Health and Food Sciences precincts.

Program Highlights (Capital Grants)

- \$879,000 to the Royal Society for the Prevention of Cruelty to Animals (RSPCA) Queensland to upgrade facilities in North Queensland.
- \$500,000 to the Queensland Country Women’s Association (QCWA) to preserve heritage halls in rural and regional Queensland.
- \$300,000 to the Paws and Claws animal welfare organisation to assist with the purchase of land for relocation of its current shelter facilities.

Queensland Racing Integrity Commission

Capital purchases for the Queensland Racing Integrity Commission, reporting to the Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs are \$2.8 million for 2018-19. The capital program is focused upon laboratory upgrades to support core services provided to the Queensland racing industry.

Agriculture and Fisheries					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
DEPARTMENT OF AGRICULTURE AND FISHERIES					
Property, Plant and Equipment					
Upgrade and Refurbishment of Existing Facilities at Toowoomba	317	7,350	3,202	2,950	1,198
Computer Equipment	305			4,965	Ongoing
Heavy Plant and Equipment	Various			2,500	Ongoing
Scientific Equipment	Various			2,500	Ongoing
Minor Works	Various			2,000	Ongoing
Vessels and Marine Equipment	Various			1,100	Ongoing
Research Facilities Development	Various			1,000	Ongoing
Jimna Fire Tower Restoration Project	313	1,500		1,000	500
Portfolio Activity Reporting Information System Software	305	600		600	
Software Purchases and Development	305			200	Ongoing
Ecosciences and Health and Food Sciences Precincts Fitout Replacement Program	Various			406	Ongoing
Other Property, Plant and Equipment	Various			1,156	Ongoing
Total Property, Plant and Equipment				20,377	
Capital Grants					
Royal Society for the Prevention of Cruelty to Animals Capital Grant	Various	3,000	2,121	879	
Queensland Country Women's Association Heritage Halls Capital Grant	307	1,000	500	500	
Paws and Claws Capital Grant	306	300		300	
Total Capital Grants				1,679	

Capital Statement 2018-19					
Project	Agriculture and Fisheries		Total	Expenditure	Post
	Statistical	Estimated	to	Budget	
	Area	Cost	30-06-18	2018-19	2018-19
		\$'000	\$'000	\$'000	\$'000
QUEENSLAND RACING INTEGRITY COMMISSION					
Property, Plant and Equipment					
Racing Science Centre Laboratory Technology Upgrades	305	8,717	2,711	2,814	3,192
Total Property, Plant and Equipment				2,814	
TOTAL AGRICULTURE AND FISHERIES (PPE)				23,191	
TOTAL AGRICULTURE AND FISHERIES (CG)				1,679	

3.3 CHILD SAFETY, YOUTH AND WOMEN

Department of Child Safety, Youth and Women

Total capital purchases for the Department of Child Safety, Youth and Women are \$49.6 million in 2018-19. Total capital grants for the portfolio are \$500,000. These funds provide the infrastructure and systems to support children, young people and families to be safe and help prevent and respond to crime, violence, abuse and neglect.

Program Highlights (Property, Plant and Equipment)

- \$4.1 million to undertake a range of upgrades to Child Safety Service Centres to accommodate an additional 292 child protection staff, commencing from 2017-18.
- \$2 million to continue compliance works and building upgrades to residential care facilities.
- \$19 million of a total of \$26 million to support the transition of 17 year olds into the Youth Justice system, including an allocation of \$13.1 million in 2018-19 for further zonal fencing and an additional 12 beds at the Cleveland Youth Detention Centre.
- \$7.2 million of a total of \$32.8 million to upgrade the security management system at the Brisbane Youth Detention Centre.
- \$5.2 million to conduct ongoing program renewal, maintenance and minor works of Youth Justice facilities.
- \$1.3 million to continue the development of a whole-of-government Our Child information and communication technology system to improve information sharing across agencies with regards to children missing from out-of-home care.
- \$8.1 million to enhance and develop information systems for the following key programs:
 - The Social Investment Program which will support the department’s social procurement spend and improve contract management system functionality for future outcome-based investment.
 - The Destination Information Initiative which will deliver smarter, simpler, better management of electronic information and documents.
 - The Child and Family Services Information and Communication Technology Program which is implementing solutions to support Child and Family Reform initiatives.

Program Highlights (Capital Grants)

- \$500,000 for the Daniel Morcombe Foundation to construct a counselling centre at Palmwoods. The centre aims to educate children and young people about safety in a physical and online environment, prevent sexual abuse and support those children and young people who have been victims of crime.

Child Safety, Youth and Women					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
DEPARTMENT OF CHILD SAFETY, YOUTH AND WOMEN					
Property, Plant and Equipment					
Child and Family Services					
Restoring Child Protection - Child Safety Service Centres	Various	8,248	1,275	4,124	2,849
Residential Care Upgrades	Various			1,990	Ongoing
Sub-total Child and Family Services				6,114	
Youth Justice					
Transition of 17 year olds to the youth justice system	Various	25,986	6,999	18,987	
Brisbane Youth Detention Centre - Security Management System Upgrade	310	32,809	18,953	7,206	6,650
Youth Justice Facilities	Various			5,158	Ongoing
Sub-total Youth Justice				31,351	
Other Property, Plant and Equipment					
Office Accommodation	Various			1,251	Ongoing
Information Technology Infrastructure Replacement	Various			1,375	Ongoing
Missing Child Interagency System (Our Child) Project	Various	2,620	1,271	1,349	
Information Systems Enhancements	Various			8,149	Ongoing
Sub-total Other Property, Plant and Equipment				12,124	
Total Property, Plant and Equipment				49,589	

Capital Statement 2018-19					
Project	Child Safety, Youth and Women		Total Estimated Cost	Expenditure to 30-06-18	Post
	Statistical Area		\$'000	\$'000	2018-19 \$'000
Capital Grants					
Daniel Morcombe Foundation	316		900	400	500
Total Capital Grants					500
TOTAL CHILD SAFETY, YOUTH AND WOMEN (PPE)					49,589
TOTAL CHILD SAFETY, YOUTH AND WOMEN (CG)					500

3.4 COMMUNITIES, DISABILITY SERVICES AND SENIORS

Department of Communities, Disability Services and Seniors

Total capital purchases for the Department of Communities, Disability Services and Seniors are \$17 million in 2018-19. Total capital grants for the portfolio are \$3.1 million. These funds provide for integrated community services and strengthen and protect the well-being of Queenslanders, particularly those who are vulnerable and most in need.

Program Highlights (Property, Plant and Equipment)

- \$12.7 million to continue the upgrade and construction program for multipurpose community and neighbourhood centres, including \$1.9 million for building upgrades, rectifications and compliance works, \$3 million for the construction of the Moranbah Youth and Community Centre at a total cost of \$3.2 million, as part of a capital and operating funding agreement with BHP Billiton Mitsubishi Alliance, \$6 million for the construction of centres at Inala and East Murgon, and \$1.7 million to acquire land for new centres at Bowen and Wilsonton and for the design development of the Kallangur and Yarrabilba/Jimboomba centres and the Thursday Island Community Hub.
- \$3.3 million to continue infrastructure upgrades, rectification works and construction of purpose-built accommodation as part of a targeted response for people with an intellectual or cognitive disability who exhibit extremely challenging behaviours.

Program Highlights (Capital Grants)

- \$1.7 million for the Elderly Parent Carer Innovation Initiative which is aimed at assisting elderly parent carers to secure accommodation for their adult son or daughter with a disability when they can no longer care for them. This program has invested in projects to create new living arrangements that include use of accessible housing designs and assistive technologies to enable adults with disabilities to live a rich and valued life in their communities.
- \$1.3 million to purchase and modify properties for people with high and complex needs providing safe and sustainable long term accommodation in Cairns and Brisbane.

Capital Statement 2018-19					
Project	Communities, Disability Services and Seniors				
	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
DEPARTMENT OF COMMUNITIES, DISABILITY SERVICES AND SENIORS					
Property, Plant and Equipment					
Community Services					
Neighbourhood and Community Centre Upgrades					
General Property Upgrades	Various			500	Ongoing
Mackay Neighbourhood Centre Upgrade	312	1,200	1,180	20	
Nambour Neighbourhood Centre Upgrade	316	750		280	470
New Farm Neighbourhood Centre Upgrade	305	1,050	200	850	
Lockyer Neighbourhood Centre Upgrade	317	250		250	
Neighbourhood and Community Centre Land Acquisition and Construction					
Moranbah Youth and Community Centre	312	3,200	180	3,020	
Inala Community Centre Replacement	310	3,500	375	3,125	
East Murgon Neighbourhood Centre Replacement	319	3,100	220	2,880	
Bowen Neighbourhood Centre	312	2,600		640	1,960
Yarrabilba/Jimboomba Neighbourhood Centre	311	3,600		100	3,500
Wilsonton Neighbourhood Centre	307	600		600	
Kallangur Area Neighbourhood Centre	314	4,100	600	130	3,370
Thursday Island Community Hub	315	4,600	535	265	3,800
Sub-total Community Services				<u>12,660</u>	
Disability Services					
Bracken Ridge Redevelopment	302	2,757	900	1,857	
General Property Upgrades	Various			1,480	Ongoing
Sub-total Disability Services				<u>3,337</u>	
Other Property, Plant and Equipment					
Office Accommodation	Various			1,004	Ongoing
Sub-total Other Property, Plant and Equipment				<u>1,004</u>	
Total Property, Plant and Equipment				<u>17,001</u>	

Capital Statement 2018-19					
Project	Communities, Disability Services and Seniors				
	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Capital Grants					
Community Services					
Atherton Community Centre	306	250	137	113	
Sub-total Community Services				113	
Disability Services					
Elderly Parent Carer Innovation Initiative					
Brisbane West	304	751	300	451	
Brisbane East	301	843	422	421	
Darling Downs - Maranoa	307	438	394	44	
Sunshine Coast	316	1,000	200	800	
Supported Accommodation					
Cairns	306	800	80	720	
Brisbane North	302	736	147	589	
Sub-total Disability Services				3,025	
Total Capital Grants				3,138	
TOTAL COMMUNITIES, DISABILITY SERVICES AND SENIORS (PPE)				17,001	
TOTAL COMMUNITIES, DISABILITY SERVICES AND SENIORS (CG)				3,138	

3.5 EDUCATION

Total capital purchases for the Education portfolio (including the Department of Education and related entities) are \$674.3 million in 2018-19. Total capital grants for the portfolio are \$98.5 million in 2018-19.

The Education portfolio was impacted by machinery-of-government changes, effective from December 2017. These include the transfer of the training and skills function to the new Department of Employment, Small Business and Training and receipt of the Office of Industrial Relations from Queensland Treasury.

Department of Education

The 2018-19 capital purchases of \$668.4 million includes the capital works program of \$616 million for the construction and refurbishment of school educational facilities and early childhood education and care services. Capital works planning targets government priorities through consideration of population growth and shifts, changes in educational needs and addressing high-priority needs for student and staff health and safety.

Program Highlights (Property, Plant and Equipment)

- \$125.2 million in capital expenditure as part of the \$250 million for new classrooms and other infrastructure in state secondary schools to accommodate the six full cohorts in 2020.
- \$122.5 million in capital expenditure to undertake new stages for recently opened schools and provide additional classrooms at existing schools in growth areas throughout the State.
- \$94.5 million in capital expenditure as part of the \$808 million Building Future Schools Fund to deliver world class learning environments for students and address enrolment growth pressures in state schools.
- \$84.2 million in capital expenditure to replace and enhance facilities at existing schools.
- \$47 million as part of \$97 million in total funding for the Advancing Clean Energy Schools program to upgrade and install solar and energy efficiency measures in state schools.
- \$15 million as part of \$235 million in total funding under the Renewing Our Schools program to substantially refurbish and upgrade 17 high schools across the State.
- \$8 million in capital expenditure as part of \$25.6 million in total funding to deliver renewal works at 31 state schools.

- \$4.5 million to continue refurbishment and enhancement of existing early childhood education and care facilities.

Program Highlights (Capital Grants)

- \$98.5 million is provided in 2018-19 to the non-state schooling sector and student hostels.

Queensland Curriculum and Assessment Authority

The 2018-19 capital purchases of \$5.9 million includes the redevelopment of the Queensland Curriculum and Assessment Authority’s (QCAA) information and communication technology systems to support the transition process and fundamental elements of the new senior assessment system. The new, centralised web-based solution will use contemporary technologies to deliver essential business functionality for QCAA and schools that includes:

- access to syllabus documents, along with supporting resources and assessment,
- support for new school-based assessment processes implemented across the state,
- management of external assessment processes (including test development, special provisions for students, and marker management and assessment administration),
- management of schools, student enrolments, subject enrolments, student results, vocational education and training registration and results, calculation of subject results and certification processes,
- school access to student performance datasets, and
- student access to curriculum, assessment and results information.

Project	Education		Total	Expenditure	Budget	Post
	Statistical		Estimated	to		
	Area		Cost	30-06-18	2018-19	2018-19
			\$'000	\$'000	\$'000	\$'000
DEPARTMENT OF EDUCATION						
Property, Plant and Equipment						
Capital Works Program						
Education Capital Works Program						
New Secondary School in Fortitude Valley - Stage 1	305		73,371	4,662	41,931	26,778
New Secondary School in Calliope - Stage 1	308		22,860	360	13,500	9,000
New Secondary School in Coomera / Pimpama	309		45,000		9,450	35,550
New Secondary School in North Lakes / Mango Hill	314		45,000		9,450	35,550
New Secondary School in Ripley Valley - Providence	310		45,000		9,450	35,550
New Secondary School in Yarrabilba	311		45,000		9,450	35,550
New Primary School in Ripley Valley - Providence	310		31,500		5,778	25,722
New Special School in Caboolture	313		20,700		3,600	17,100
Albany Creek State High School - Additional classrooms	314		3,788	52	1,121	2,615
Alexandra Hills State High School - Additional classrooms	301		3,788	52	1,121	2,615
Augusta State School - Additional classrooms	310		4,230		1,080	3,150
Bardon State School - School pick-up area	305		804		402	402
Baringa State Primary School - New school	316		29,361	22,040	3,817	3,504
Beenleigh Special School - Additional classrooms	311		3,600		900	2,700
Beenleigh State High School - Additional classrooms	311		7,284	161	7,123	
Branyan Road State School - Additional classrooms	319		2,250	450	1,800	
Bray Park State High School - Multi-purpose hall	314		2,734	1,803	931	

Capital Statement 2018-19

Education						
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000	
Bremer State High School - Additional classrooms	310	7,373	173	7,200		
Bribie Island State High School - Additional classrooms	313	9,232	52	1,669	7,511	
Brightwater State School - Additional classrooms	316	6,030	270	1,350	4,410	
Brisbane State High School - Additional classrooms	305	2,662	52	2,610		
Broadbeach State School - Additional classrooms	309	7,200	180	1,620	5,400	
Bulimba State School - Repair pool facilities	305	402		402		
Caboolture State High School - Additional classrooms	313	8,872	52	1,604	7,216	
Cairns State High School - Refurbish classrooms	306	1,800		900	900	
Caravonica State School - Multi-purpose hall	306	3,619	3,120	499		
Cavendish Road State High School - Additional classrooms	303	7,612	52	1,377	6,183	
Cavendish Road State High School - Multi-purpose hall	303	4,992	1,585	3,407		
Centenary Heights State High School - New Performing Arts Centre and classroom refurbishments	317	9,224	314	8,910		
Centenary State High School - Additional classrooms	304	7,612	52	1,377	6,183	
Chancellor State College - Additional classrooms (secondary)	316	10,872	840	10,032		
Chancellor State College - Additional classrooms (primary)	316	4,315	324	3,991		
Chinchilla State High School - Multi-purpose hall	307	3,619	3,287	332		
Cleveland District State High School - Additional classrooms	301	13,185	63	2,381	10,741	
Cleveland District State High School - Multi-purpose hall	301	4,825	4,520	305		

Education						
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000	
Coolum State High School - Additional classrooms	316	5,092	52	1,350	3,690	
Currimundi Special School - Additional classrooms	316	9,540	8,061	1,479		
Dalby State School - Additional classrooms and administration block	307	3,600	777	2,823		
Eagle Junction State School - Upgrade pool facilities	305	664	73	591		
Eagleby South State School - Additional classrooms	311	3,600		900	2,700	
Eimeo Road State School - Additional classrooms	312	6,435	6,159	276		
Eimeo Road State School - Air-conditioning replacement	312	1,313	38	1,275		
Ferny Grove State High School - Additional classrooms	304	12,202	52	1,620	10,530	
Flagstone State Community College - Additional classrooms	311	3,558	1,286	2,272		
Forest Lake State High School - Additional classrooms	310	4,552	52	826	3,674	
Glenala State High School - Additional classrooms	310	3,788	52	689	3,047	
Gooburrum State School - Additional classrooms	319	2,700	540	2,160		
Goodna State School - Additional classrooms	310	4,875	2,005	2,870		
Gordonvale State High School - Indoor sports facility	306	3,620	2,839	781		
Griffin State School - Additional classrooms	314	9,450	90	1,710	7,650	
Harristown State High School - Additional classrooms	317	11,960	891	11,069		
Heatley Secondary College - Air-conditioning replacement	318	2,850	900	1,950		
Helensvale State High School - Additional classrooms	309	10,055	2,792	7,263		

Education						
Project		Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
	Highfields State Secondary College - Additional classrooms	317	7,937	2,357	5,580	
	Home Hill State School - Air-conditioning replacement	318	1,013	38	975	
	Indooroopilly State High School - Additional classrooms	304	15,262	52	2,754	12,456
	Indooroopilly State School - Additional classrooms	304	7,650	180	1,800	5,670
	Ipswich State High School - Performing arts centre	310	7,618	670	6,948	
	James Nash State High School - Additional classrooms	319	4,552	52	826	3,674
	Kawana Waters State College - Additional classrooms	316	3,022	52	891	2,079
	Kedron State High School - Additional classrooms	305	4,552	52	826	3,674
	Kedron State School - Additional classrooms	302	5,400	333	2,790	2,277
	Kelvin Grove State College - Additional classrooms	305	2,662	52	2,610	
	Kelvin Grove State College - Indoor sports facility	305	4,825	280	3,409	1,136
	Kelvin Grove State College - Queensland Ballet facility	305	9,000	360	2,340	6,300
	Kepnock State High School - Multi-purpose hall	319	3,619	1,788	1,831	
	Kingaroy State High School - Multi-purpose hall	319	3,619	3,355	264	
	Kirwan State High School - Multi-purpose hall	318	5,469	3,811	1,658	
	Laidley State High School - Additional classrooms	310	8,782	52	1,588	7,142
	Lowood State High School - Additional classrooms	310	2,258	52	662	1,544
	MacGregor State High School - Manual arts facility	303	3,965	2,759	1,206	
	MacGregor State School - School pick-up area	303	522	64	458	

Education						
Project		Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
	Mackay Northern Beaches State High School - Performing arts centre	312	8,808	1,414	7,394	
	Mackenzie State Special School - Additional classrooms	303	3,600		900	2,700
	Mango Hill State School - Additional classrooms	314	2,700		2,700	
	Mansfield State High School - Additional classrooms (Building 1)	303	6,500	974	5,526	
	Mansfield State High School - Additional classrooms (Building 2)	303	8,578	262	1,800	6,516
	Mansfield State High School - Multi-purpose hall	303	4,826	3,962	864	
	Mansfield State School - Hall extension	303	708		306	402
	Mareeba State School - Additional classrooms	306	4,625	3,885	740	
	Maroochydore State High School - Additional classrooms	316	3,562	52	1,350	2,160
	Marsden State High School - Additional classrooms	311	2,250		450	1,800
	Meridan State College - Additional classrooms	316	4,012	52	729	3,231
	Milton State School - Additional classrooms	305	7,239		1,713	5,526
	Mitchelton Special School - Additional classrooms	304	5,490		450	5,040
	Moranbah State High School - Multi-purpose hall	312	4,021	80	1,206	2,735
	Mount Gravatt State High School - Additional classrooms	303	2,258	52	662	1,544
	Mount Ommaney Special School - Additional classrooms	304	2,700	450	2,250	
	Mountain Creek State High School - Additional classrooms	316	17,653	733	16,920	
	Murrumba State Secondary College - Additional classrooms	314	11,700		900	10,800

Education						
Project		Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
	Nambour Special School - Additional classrooms	316	5,480	4,753	727	
	Nerang State High School - Upgrade classrooms and oval	309	402		402	
	North Lakes State College - Additional classrooms	314	11,072	5,260	5,812	
	North Rockhampton State High School - Refurbish classrooms	308	2,010		804	1,206
	North Shore State School - New school	318	41,831	27,608	6,295	7,928
	Northern Beaches State High School - Additional classrooms	318	6,082	52	1,102	4,928
	Ormeau State School - Additional classrooms	309	4,950		1,350	3,600
	Ormeau Woods State High School - Additional classrooms	309	7,808	1,284	6,524	
	Pacific Pines State High School - Additional classrooms	309	7,162	52	1,296	5,814
	Pacific Pines State School - Upgrade resource centre	309	724		402	322
	Palm Beach-Currumbin State High School - Additional classrooms	309	8,288	52	1,499	6,737
	Park Ridge State High School - Additional classrooms	311	6,019	141	1,102	4,776
	Picnic Creek State School - New school	309	31,042	24,512	3,258	3,272
	Pimlico State High School - Additional classrooms	318	3,022	52	891	2,079
	Pimpama State Primary College - Additional classrooms	309	5,220		1,350	3,870
	Pimpama State School - Additional classrooms	309	4,950	450	4,500	
	Pimpama State School - Multi-purpose hall	309	5,309	3,354	1,955	
	Pimpama State Secondary College - Additional classrooms and performing arts centre	309	16,524	7,372	9,152	

Education						
Project		Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
	Planning for Inner City South High School	305	2,700	540	2,160	
	Proserpine State High School - Additional classrooms	312	5,813	52	1,121	4,640
	Queensland Academy for Science, Mathematics and Technology - Additional classrooms	305	2,700	450	2,250	
	Richlands East State School - Additional classrooms	310	3,285	906	2,379	
	Rosedale State High School - Additional classrooms	303	3,519	112	648	2,759
	Southport State High School - Additional classrooms	309	8,905	131	1,620	7,154
	Springfield Central State High School - Multi-purpose hall	310	7,234	3,527	3,707	
	Stretton State College - Additional classrooms (secondary)	303	7,153	65	1,296	5,792
	Stretton State College - Additional classrooms (primary)	303	13,950	90	3,600	10,260
	Sunnybank Hills State School - Additional classrooms	303	9,450	90	1,890	7,470
	Sunnybank Special School - Additional classrooms	303	4,937	2,661	2,276	
	Sunshine Beach State High School - Additional classrooms	316	5,318	52	1,580	3,686
	Tamborine Mountain State High School - Additional classrooms	309	12,202	52	2,203	9,947
	The Gap State High School - Additional classrooms	304	8,072	916	7,156	
	The Willows State School - Shade structures	318	322		322	
	Toolooa State High School - Additional classrooms	308	3,788	52	1,121	2,615
	Toowong State School - Hall extension	305	442		442	
	Trinity Bay State High School - Additional classrooms	306	6,847	52	1,239	5,556

Capital Statement 2018-19					
Education					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Trinity Bay State High School - Multi-purpose hall	306	4,415	3,332	1,083	
Varsity College - Additional classrooms	309	1,762	52	1,710	
Wavell State High School - Performing arts centre	302	5,559	4,907	652	
West End State School - Additional classrooms	305	4,501	203	4,298	
Windaroo Valley State High School - Additional classrooms	311	3,788	52	1,121	2,615
Windsor State School - Site works	305	643	52	591	
Wulguru State School - Security fencing	318	402		402	
Wynnum State High School - Additional classrooms	301	3,030	105	2,925	
Yarrabilba State School - New school	311	37,556	24,787	6,031	6,738
Yeppoon State High School - Additional classrooms	308	3,788	52	1,121	2,615
Long Jump Track	Various	1,287		1,287	
Advancing Clean Energy Schools	Various	97,000	2,000	47,000	48,000
School Infrastructure	Various			24,000	Ongoing
Enhancement capital contribution Public Private Partnerships	Various			34,467	Ongoing
Renewing Our Schools	Various	235,000		15,000	220,000
Land Acquisition	Various			31,170	Ongoing
School Subsidy Scheme	Various			6,300	Ongoing
General and Minor Works	Various			47,875	Ongoing
Sub-total Education Capital Works Program				611,514	
Early Childhood Education and Care Capital Works Program					
Tara Shire State College - Early Years Service	307	3,838	201	3,637	
Yarrabilba State School - Integrated Child Services Community Hub	311	3,600	3,000	600	

Capital Statement 2018-19					
Education					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
General and Minor Works (Early Childhood Education and Care)	Various			213	Ongoing
Sub-total Early Childhood Education and Care Capital Works Program				4,450	
Sub-total Capital Works Program				615,964	
Plant and Equipment					
Education Plant and Equipment	Various			50,778	Ongoing
Office of Industrial Relations Plant and Equipment	Various			1,646	Ongoing
Sub-total Plant and Equipment				52,424	
Total Property, Plant and Equipment				668,388	
Capital Grants					
Capital Grants	Various			98,501	Ongoing
Total Capital Grants				98,501	
QUEENSLAND CURRICULUM AND ASSESSMENT AUTHORITY					
Property, Plant and Equipment					
Enrolment and Assessment of Senior Learners System	305	3,699	2,998	701	
Contact Management System	305	1,832	1,625	207	
Endorsed Assessment System	305	1,097	542	444	111
Assessor, Invigilator and Marker Management System	305	1,104	183	568	353
VET Portal	305	1,344	1,175	156	13
Syllabus Online	305	1,505	656	849	
Confirmation Online System	305	1,654	304	675	675
External Assessment System	305	568		568	
Online Learning - Professional Development and Accreditation	305	1,069	284	460	325
QCAA Portal	305	3,030	236	800	1,994
Other Plant and Equipment	305			485	Ongoing
Total Property, Plant and Equipment				5,913	
TOTAL EDUCATION (PPE)				674,301	
TOTAL EDUCATION (CG)				98,501	

3.6 ELECTORAL COMMISSION OF QUEENSLAND

Electoral Commission of Queensland

\$3.3 million of \$6.3 million to replace the Commission’s Strategic Elections Management System has been allocated in 2018-19. A further \$79,000 has been allocated to replace plant and equipment.

Project	Electoral Commission of Queensland		Total	Expenditure	Budget	Post
	Statistical		Estimated	to	2018-19	2018-19
	Area		Cost	30-06-18	\$'000	\$'000
			\$'000	\$'000		
ELECTORAL COMMISSION OF QUEENSLAND						
Property, Plant and Equipment						
Plant and Equipment	305				79	Ongoing
Strategic Election Management System (SEMS) Replacement Project	305	6,306		3,004	3,302	
Total Property, Plant and Equipment					3,381	
TOTAL ELECTORAL COMMISSION OF QUEENSLAND (PPE)					3,381	

3.7 EMPLOYMENT, SMALL BUSINESS AND TRAINING

Total capital purchases for the Employment, Small Business and Training portfolio, including TAFE Queensland, are \$57.4 million in 2018-19.

Department of Employment, Small Business and Training

The 2018-19 capital purchases for the Department of Employment, Small Business and Training of \$47.5 million includes \$30 million as part of the Advancing Our Training Infrastructure initiative to deliver up to \$85 million across several training sites as part of the long-term plan to revitalise the State’s infrastructure portfolio. A further \$17.3 million is allocated to advance needed capital works for State-owned training assets.

Program Highlights (Property, Plant and Equipment)

- \$30 million out of the up to \$85 million over three years committed as part of the election commitment for the Advancing Our Training Infrastructure initiative to redevelop, refurbish and expand key high-need TAFE facilities.
- \$17.3 million to renew and grow Queensland’s training assets to enable delivery of priority skills training that supports workforce and economic development.

Employment, Small Business and Training					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
DEPARTMENT OF EMPLOYMENT, SMALL BUSINESS AND TRAINING					
Property, Plant and Equipment					
Advancing our Training Infrastructure - Pimlico	318	26,000		26,000	
Advancing our Training Infrastructure - Toowoomba	317	4,000		4,000	
Training Assets - Property Management Program	Various			1,500	Ongoing
Training Assets - Emergent Replacement	Various			1,000	Ongoing
Training Assets - Asset Replacement Program	Various			5,500	Ongoing
Training Assets - Renewal and Reinvigoration	Various			9,250	Ongoing
Plant and Equipment	305	250		250	
Total Property, Plant and Equipment				47,500	

Capital Statement 2018-19					
Project	Employment, Small Business and Training		Total Estimated Cost	Expenditure to 30-06-18	Budget 2018-19
	Statistical Area		\$'000	\$'000	Post 2018-19 \$'000
TAFE QUEENSLAND					
Property, Plant and Equipment					
Plant and Equipment	Various			5,500	Ongoing
Minor Capital Projects and Acquisitions	Various			400	Ongoing
Product Development	Various			2,000	Ongoing
One Network and Wi-Fi Upgrade	Various			2,000	Ongoing
Total Property, Plant and Equipment				9,900	
TOTAL EMPLOYMENT, SMALL BUSINESS AND TRAINING (PPE)				57,400	

3.8 ENVIRONMENT AND SCIENCE

In 2018-19 the capital program amounts to \$109.4 million for the Environment and Science portfolio including its statutory bodies and shared service provider.

Department of Environment and Science

The capital program for the Department of Environment and Science for 2018-19 is \$102 million, including \$95 million for capital purchases and \$7 million for capital grants. The capital purchases reflect the department’s contribution to protecting and sustainably managing Queensland’s environment and natural, cultural and heritage value, as well as promoting the development of, and engagement with science, heritage and the arts. A further \$4 million in contingent capital grants is planned.

Program Highlights (Property, Plant and Equipment)

- \$13.5 million towards the redevelopment of the Mon Repos Turtle Centre.
- \$7.5 million to support ecotourism opportunities and tourism recovery in the Whitsunday Islands National Park.
- \$6.7 million for priority infrastructure projects across State owned arts and cultural facilities, delivered through the Arts Infrastructure Investment Fund.
- \$5.3 million towards the replacement of a major vessel to support the Great Barrier Reef Joint Field Management Program – Intergovernmental Commitment.
- \$5 million to build a new performing arts venue at the Queensland Performing Arts Centre, benefitting Queensland artists and audiences.
- \$4.9 million for the development of systems to enhance environmental regulatory capability and improve engagement with the community.
- \$4.9 million to address critical infrastructure upgrades works at the Queensland Museum and installation of two further cooling towers within the Central Energy Plant at the Queensland Cultural Centre, South Bank.
- \$4.7 million to enhance critical infrastructure to support ecotourism activities at Glasshouse Mountain National Park, Noosa National Park and D’Aguilar National Park.
- \$4.2 million to renew and replace large critical infrastructure items across the Queensland Cultural Centre.
- \$2.5 million for visitor access and park management facilities and equipment on North Stradbroke Island (Minjerribah), jointly managed with the Quandamooka Yoolooburrabee Aboriginal Corporation.

Program Highlights (Capital Grants)

- \$5 million towards the construction of the Cairns Performing Arts Centre.
- \$4 million as part of \$10 million in total State funding to the Rockhampton Regional Council to construct the new Rockhampton Art Gallery is held centrally subject to the confirmation of a \$10 million contribution from the Australian Government.
- \$1 million towards the infrastructure upgrade of facilities at Woodfordia, the site of the Woodford Folk Festival.
- \$600,000 provided to upgrade Queensland Museum’s South Bank storage area.
- \$300,000 towards renewing and upgrading the Bille Brown Studio, home of the Queensland Theatre Company.
- \$65,000 towards addressing high priority capital projects at the Queensland Maritime Museum.

Library Board of Queensland

The Library Board of Queensland will invest \$2.1 million in purchasing heritage and reference collections, intangible assets in the form of digital collections, as well as replacement of information technology equipment.

Program Highlights (Property, Plant and Equipment)

- \$837,000 to replace information technology equipment.
- \$547,000 to acquire new items for the digital collection.
- \$349,000 to acquire new items for the information collection.
- \$336,000 to acquire new items for the heritage collection.

Queensland Museum

The Queensland Museum will invest \$2.3 million in permanent galleries, State Collection storage and acquisitions as well as the life cycle replacement and renewal of equipment.

Program Highlights (Property, Plant and Equipment)

- \$1.2 million for permanent galleries, commemorating the centenary of the ANZAC and to provide a cutting edge interactive hub for science, technology, engineering and mathematics (STEM).
- \$559,000 invested in information technology primarily for the life cycle replacement of assets and upgrades across the museum network.

- \$318,000 invested in storage facilities for the State Collection.
- \$175,000 invested in life cycle capital replacements, mainly motor vehicles.
- \$20,000 to acquire new items for the State Collection.

Queensland Art Gallery

The Queensland Art Gallery will invest \$2.1 million in acquiring art for the Gallery’s collection as well as life cycle replacement of other property, plant and equipment assets.

Program Highlights (Property, Plant and Equipment)

- \$1.8 million to acquire art for the Gallery’s collection.
- \$300,000 to replace other property, plant and equipment.

Queensland Performing Arts Trust

The Queensland Performing Arts Trust will invest \$1 million in the lifecycle replacement of operational property, plant and equipment assets such as theatre equipment and food and beverage equipment.

Environment and Science					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
DEPARTMENT OF ENVIRONMENT AND SCIENCE					
Property, Plant and Equipment					
Buildings and Infrastructure					
Mon Repos Turtle Centre redevelopment	319	17,360	3,070	13,465	825
Whitsunday Islands National Park	312	12,143	1,113	7,530	3,500
D’Aguilar National Park	314	3,000	100	1,400	1,500
Glasshouse Mountain National Park	316	3,030	920	1,610	500
Noosa National Park	316	2,240	505	1,735	
Management and access facilities - Parks and forests	Various			10,226	Ongoing
Recreation and visitor facilities - Parks and forests	Various			10,099	Ongoing
North Stradbroke Island (Minjerribah)	301			2,450	Ongoing
Great Barrier Reef moorings	306	2,375	1,820	555	
Arts Infrastructure Investment Fund	Various	15,500	1,350	6,650	7,500

Capital Statement 2018-19					
Environment and Science					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Queensland Cultural Centre critical infrastructure works program	305	22,856	18,700	4,156	
Queensland Cultural Centre critical infrastructure asset renewal	305	8,450		4,928	3,522
Queensland Cultural Centre - Future energy efficiency	305	9,000		1,800	7,200
Critical infrastructure asset renewal and equipment replacement at QPAC	305	3,300		1,500	1,800
New Performing Arts Venue at QPAC	305	125,000		5,000	120,000
Plant and Equipment					
General plant and equipment	Various			10,798	Ongoing
National Parks major vessel replacement—Reef Heron	308	6,009	759	5,250	
Systems Development					
Systems for Environmental Regulation	Various	7,878	3,000	4,878	
General systems development	Various			970	Ongoing
Total Property, Plant and Equipment				95,000	
Capital Grants					
Cairns Performing Arts Centre	306	15,000	10,000	5,000	
Upgrade of Queensland Museum’s South Bank storage area	305	2,300	1,700	600	
Woodfordia infrastructure upgrade	313	2,000	1,000	1,000	
Queensland Maritime Museum	305	308	158	65	85
Bille Brown Studio Upgrade	305	2,000	1,700	300	
Total Capital Grants				6,965	
LIBRARY BOARD OF QUEENSLAND					
Property, Plant and Equipment					
Heritage Collection additions	305			336	Ongoing
Asset replacement program	305			837	Ongoing
Information Collection additions	305			349	Ongoing
Digital Collection additions	305			547	Ongoing
Total Property, Plant and Equipment				2,069	

Project	Environment and Science		Total	Expenditure	Budget	Post
	Statistical		Estimated	to	2018-19	2018-19
	Area		Cost	30-06-18	\$'000	\$'000
			\$'000	\$'000		
QUEENSLAND MUSEUM						
Property, Plant and Equipment						
Permanent galleries	305		1,200		1,200	
Information Technology	305				559	Ongoing
Collection storage facilities	305		318		318	
Life cycle capital replacement	305				175	Ongoing
Collection acquisition	305				20	Ongoing
Total Property, Plant and Equipment					2,272	
QUEENSLAND ART GALLERY						
Property, Plant and Equipment						
Acquisition of art works for the Gallery	305				1,750	Ongoing
Ongoing replacement of plant and equipment	305				300	Ongoing
Total Property, Plant and Equipment					2,050	
QUEENSLAND PERFORMING ARTS TRUST						
Property, Plant and Equipment						
Property, plant and equipment	305				1,000	Ongoing
Total Property, Plant and Equipment					1,000	
TOTAL ENVIRONMENT AND SCIENCE (PPE)					102,391	
TOTAL ENVIRONMENT AND SCIENCE (CG)					6,965	

Notes:

The Library Board of Queensland will invest \$2.1 million in purchasing heritage and reference collections, intangible assets in the form of digital collections, as well as replacement of information technology equipment

The Queensland Performing Arts Trust will invest \$1 million in the life cycle replacement of operational property, plant and equipment assets such as theatre equipment and food and beverage equipment.

3.9 HOUSING AND PUBLIC WORKS

Total capital purchases for the Housing and Public Works portfolio, including its statutory bodies, are \$459.7 million in 2018-19, with capital grants of \$182.5 million. Capital purchases for the statutory bodies include \$36.3 million for Stadiums Queensland and \$5.2 million for the Queensland Building and Construction Commission.

Under the Queensland Housing Strategy, the department delivers a range of programs that support the supply and improvement of social housing dwellings. In particular, the Housing Construction Jobs Program will fund the construction commencement target of up to 599 social housing dwellings through 519 commencements of property, plant and equipment and 80 commencements of capital grants. This may need to be amended in recognition of the end of the National Partnership on Remote Housing funding, pending further negotiations with the Australian Government.

Department of Housing and Public Works

Program Highlights (Property, Plant and Equipment)

- \$270.1 million to deliver 423 social housing dwellings, commence construction of up to 519 social housing dwellings and upgrade existing social housing dwellings through the Housing Construction Jobs Program and the Queensland Housing Strategy.
- \$7.2 million to continue to develop 40 dwellings for the Townsville Youth Foyer.
- \$61.7 million for social housing in Aboriginal and Torres Strait Islander communities (including \$24 million from the expiring National Partnership on Remote Housing) to deliver 75 social housing dwellings, upgrade existing social housing and purchase eight dwellings for use as temporary accommodation to support the transfer of social housing to home ownership on Aboriginal and Torres Strait Islander land.
- \$47.5 million for the provision of government-employee housing to support the attraction and retention of government employees in locations of high need where there is no alternative accommodation in rural and remote Queensland. This includes completing the construction of 22 residences in rural and remote communities to provide new accommodation for government employees.
- \$9.5 million to meet the Queensland Government’s contribution toward the \$35 million refurbishment of the Thomas Dixon Centre, and to manage costs and associated works required to maintain and preserve the heritage listed centre.

- \$4.5 million delivery of capital works program for the Gold Coast Recreation Centre.

Program Highlights (Capital Grants)

- \$41.2 million to deliver 143 social housing dwellings, commence construction of up to 80 social housing dwellings through the Housing Construction Jobs Program and commence 49 dwellings and upgrades for Indigenous communities, and housing and domestic violence services.
- \$62.5 million for social housing in Aboriginal and Torres Strait Islander communities (including \$18.8 million funding from the expiring National Partnership on Remote Housing) to deliver a further 18 social housing dwellings, undertake infrastructure development, upgrade existing social housing and undertake upgrades to support the transfer of social housing to home ownership on Aboriginal and Torres Strait Islander land.
- \$37.3 million the under Get Playing Places and Spaces and Get Playing Plus programs and other various capital grants to provide for new or upgraded sport and recreation infrastructure and participation projects to support Queensland children and healthy communities.
- \$15 million under the Female Facilities Program to assist sport and recreation organisations and local governments to develop functional and inclusive female change rooms and facilities.
- \$26.6 million in 2018-19 to support sport and recreation clubs at the grassroots through the delivery of infrastructure projects including the Underwood Sports Park, the University of the Sunshine Coast Stadium and the Zillmere Sports Centre.

CITEC

CITEC has capital purchases of \$3.6 million in 2018-19, comprising \$2.5 million for hardware replacement and \$1.1 million for critical software enhancements relating to information brokerage.

Queensland Shared Services

Queensland Shared Services has capital purchases of \$5 million in 2018-19, including \$4.8 million for optimisation projects and initiatives.

Queensland Building and Construction Commission

Queensland Building and Construction Commission has capital purchases of \$5.2 million in 2018-19 to fit-out a new leased office, implement strategic projects to improve effectiveness and efficiency in delivering services, and replace ageing property, plant and equipment to reduce expenditure on maintenance.

Stadiums Queensland

Stadiums Queensland has capital purchases of \$36.3 million in 2018-19 representing the investment required to maintain Queensland’s major sporting and entertainment facilities to a standard appropriate for the conduct of national and international events and community sports activity. This includes \$8 million in 2018-19 towards security upgrades for safe and secure venues in Queensland.

Project	Housing and Public Works		Total	Expenditure	Budget	Post
	Statistical		Estimated	to	2018-19	2018-19
	Area		Cost	30-06-18	2018-19	2018-19
			\$'000	\$'000	\$'000	\$'000
DEPARTMENT OF HOUSING AND PUBLIC WORKS						
Property, Plant and Equipment						
Housing and Homelessness Services						
Construction						
Brisbane - East	301				5,491	Ongoing
Brisbane - North	302				12,023	Ongoing
Brisbane - South	303				9,920	Ongoing
Brisbane - West	304				5,900	Ongoing
Brisbane Inner City	305				16,978	Ongoing
Cairns	306				25,451	Ongoing
Central Queensland	308				2,896	Ongoing
Gold Coast	309				10,172	Ongoing
Ipswich	310				17,841	Ongoing
Logan - Beaudesert	311				18,653	Ongoing
Moreton Bay - North	313				13,868	Ongoing
Moreton Bay - South	314				1,566	Ongoing
Queensland - Outback	315				5,440	Ongoing
Sunshine Coast	316				11,491	Ongoing
Toowoomba	317				1,279	Ongoing
Townsville	318				20,850	Ongoing
Wide Bay	319				1,315	Ongoing
Sub-total Construction					181,134	
Upgrades						
Brisbane - East	301				4,429	Ongoing
Brisbane - North	302				4,560	Ongoing
Brisbane - South	303				6,734	Ongoing
Brisbane - West	304				1,704	Ongoing
Brisbane Inner City	305				4,552	Ongoing

Capital Statement 2018-19

Housing and Public Works					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Cairns	306			25,896	Ongoing
Darling Downs - Maranoa	307			1,675	Ongoing
Central Queensland	308			7,261	Ongoing
Gold Coast	309			4,750	Ongoing
Ipswich	310			5,228	Ongoing
Logan - Beaudesert	311			3,894	Ongoing
Mackay	312			4,350	Ongoing
Moreton Bay - North	313			3,096	Ongoing
Moreton Bay - South	314			949	Ongoing
Queensland - Outback	315			18,131	Ongoing
Sunshine Coast	316			4,881	Ongoing
Toowoomba	317			3,245	Ongoing
Townsville	318			11,511	Ongoing
Wide Bay	319			6,921	Ongoing
Sub-total Upgrades				123,767	
Purchase of Existing Properties					
Queensland - Outback	315			2,500	Ongoing
Statewide	Various			2,500	Ongoing
Sub-total Purchase of Existing Properties				5,000	
Land					
Brisbane Inner City	305			5,711	Ongoing
Cairns	306			846	Ongoing
Central Queensland	308			1,001	Ongoing
Gold Coast	309			3,671	Ongoing
Ipswich	310			6,360	Ongoing
Logan - Beaudesert	311			3,831	Ongoing
Moreton Bay - North	313			1,606	Ongoing
Sunshine Coast	316			3,141	Ongoing
Toowoomba	317			681	Ongoing
Townsville	318			1,427	Ongoing
Wide Bay	319			382	Ongoing
Statewide	Various			500	Ongoing
Sub-total Land				29,157	
Other Plant and Equipment	Various			4,559	Ongoing
Sub-total Housing and Homelessness Services				343,617	
Public Works					
Brisbane - Boggo Road Precinct Redevelopment	303	42,067	39,191	1,876	1,000

Capital Statement 2018-19					
Housing and Public Works					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Brisbane - Thomas Dixon Centre Refurbishment	305	13,500		9,500	4,000
Building Works and Capital Replacements	Various			500	Ongoing
Government Employee Housing	Various			32,271	Ongoing
Government Employee Housing Construction - Aurukun	315	22,600	7,355	15,245	
Other Property, Plant and Equipment	Various			2,084	Ongoing
Sport and Recreation - Queensland Recreation Centres	Various	14,914		4,456	10,458
Sub-total Public Works				65,932	
Total Property, Plant and Equipment				409,549	
Capital Grants					
Housing and Homelessness Services					
Brisbane - North Capital Grants	302			773	Ongoing
Brisbane Inner City Capital Grants	305			1,737	Ongoing
Cairns Capital Grants	306			23,998	Ongoing
Central Queensland Capital Grants	308			52	Ongoing
Gold Coast Capital Grants	309			6,144	Ongoing
Ipswich Capital Grants	310			7,910	Ongoing
Logan - Beaudesert Capital Grants	311			5,472	Ongoing
Moreton Bay - North Capital Grants	313			785	Ongoing
Queensland - Outback Capital Grants	315			39,985	Ongoing
Sunshine Coast Capital Grants	316			1,650	Ongoing
Townsville Capital Grants	318			2,329	Ongoing
Wide Bay Capital Grants	319			7,205	Ongoing
Statewide Capital Grants	Various			5,584	Ongoing
Sub-total Housing and Homelessness Services				103,624	
Public Works (Sport and Recreation)					
Get Playing Plus	Various	60,580	40,304	17,276	3,000
Get Playing Places and Spaces round 4-7	Various	53,850	29,245	16,400	8,205
Female Facilities Program	Various	15,000		15,000	
Grant Funding Boost	Various	10,432		7,982	2,450
Zillmere Sports Centre	302	5,500		2,500	3,000

Capital Statement 2018-19					
Housing and Public Works					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Underwood Sports Park	311	9,110		9,110	
University of the Sunshine Coast Stadium	316	7,000		7,000	
Various capital grants	Various	7,352	726	3,626	3,000
Sub-total Public Works (Sport and Recreation)				78,894	
Total Capital Grants				182,518	
CITEC					
Property, Plant and Equipment					
Hardware Replacement - ICT	305			2,500	Ongoing
Software Enhancements - Information Brokerage	305			1,100	Ongoing
Total Property, Plant and Equipment				3,600	
QUEENSLAND SHARED SERVICES					
Property, Plant and Equipment					
Optimisation projects and initiatives	305			4,784	Ongoing
Asset Replacement	305			200	Ongoing
Total Property, Plant and Equipment				4,984	
QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION					
Property, Plant and Equipment					
Leasehold Restoration	303	2,000		2,000	
Software Development	303	1,777		1,777	
Other Property, Plant and Equipment	Various	1,435		1,435	
Total Property, Plant and Equipment				5,212	

Capital Statement 2018-19					
Housing and Public Works					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
STADIUMS QUEENSLAND					
Property, Plant and Equipment					
Annual capital and maintenance program	Various			12,726	Ongoing
Queensland State Netball Centre	303	44,000	28,409	15,591	
Safe, secure sporting and entertainment facilities	Various	8,300	300	8,000	
Total Property, Plant and Equipment				36,317	
TOTAL HOUSING AND PUBLIC WORKS (PPE)				459,662	
TOTAL HOUSING AND PUBLIC WORKS (CG)				182,518	

3.10 INNOVATION, TOURISM INDUSTRY DEVELOPMENT AND THE COMMONWEALTH GAMES

Department of Innovation, Tourism Industry Development and the Commonwealth Games

Total capital outlays for the Innovation, Tourism Industry Development and the Commonwealth Games portfolio are \$34.7 million in 2018-19.

Program Highlights (Property, Plant and Equipment)

The property, plant and equipment in the Department of Innovation, Tourism Industry Development and the Commonwealth Games in 2018-19 is \$196,000, including:

- \$172,000 to upgrade the Carrara Stadium.

Program Highlights (Capital Grants)

The capital grants in the Department of Innovation, Tourism Industry Development and the Commonwealth Games in 2018-19 are \$34.5 million, including:

- \$12.4 million to the Regional Tourism Infrastructure and Experience Development Program to assist communities to grow tourism by developing new and improved tourism experiences which includes the facilitation of outback tourism infrastructure projects.
- \$10 million for the Great Barrier Reef Island Rejuvenation Package to help industry rejuvenate Great Barrier Reef Island resorts and offer world-class experiences to visitors.
- \$5.8 million for the Great Keppel Island Recovery Package to deliver major tourism infrastructure improvements such as power and water connections to the mainland.
- \$3.1 million to finalise works on Gold Coast 2018 Commonwealth Games venues to enable ongoing public and community use of the facilities for post-games events. Venues include the Gold Coast Hockey Centre, Belmont Shooting Centre, Carrara Sports and Leisure Centre and the Carrara Indoor Stadium.
- \$2.2 million to help refurbish and extend the premises and exhibits at the Australian Workers Heritage Centre and Wanpa-rda Matilda Outback Education Centre at Barcaldine.
- \$524,000 to Mount Inkerman Nature Tourism Development for roadworks, car parking and other infrastructure upgrades.
- \$413,000 to the Mackay Tourism Visitor Information Centre to deliver a new Visitor Information Centre at Sarina, repositioned on the highway.

Capital Statement 2018-19					
Innovation, Tourism Industry Development and the Commonwealth Games					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
DEPARTMENT OF INNOVATION, TOURISM INDUSTRY DEVELOPMENT AND THE COMMONWEALTH GAMES					
Property, Plant and Equipment					
Carrara Stadium	309	5,509	5,337	172	
Other Plant Property and Equipment - Office Equipment	305	24		24	
Total Property, Plant and Equipment				196	
Capital Grants					
Great Barrier Reef Island Rejuvenation Package	Various	16,500		10,000	6,500
Great Keppel Island Recovery Package	308	23,350		5,770	17,580
Regional Tourism Infrastructure and Experience Development Program	315	39,600		12,400	27,200
Australian Workers Heritage Centre and Wanpa-rda Matilda Outback Education Centre	315	2,200		2,200	
Mount Inkerman Nature Tourism Development	318	541	17	524	
Mackay Tourism Visitor Information Centre	312	1,300	887	413	
Other Capital Grants	305	29		29	
Gold Coast Hockey Centre	309	16,572	15,272	1,300	
Belmont Shooting Centre	301	17,845	17,585	260	
Carrara Sports and Leisure Centre	309	103,304	103,084	220	
Carrara Indoor Stadium	309	8,108	7,958	150	
Gold Coast Aquatic Centre	309	41,391	41,250	141	
Nerang Mountain Biking Trails	309	2,741	2,641	100	
Coomera Sport and Leisure Centre	309	39,421	39,411	10	
Other Games Projects	309	1,229	262	967	
Total Capital Grants				34,484	
TOTAL INNOVATION, TOURISM INDUSTRY DEVELOPMENT AND THE COMMONWEALTH GAMES (PPE)				196	
TOTAL INNOVATION, TOURISM INDUSTRY DEVELOPMENT AND THE COMMONWEALTH GAMES (CG)				34,484	

3.11 JUSTICE AND ATTORNEY-GENERAL

The 2018-19 capital acquisitions for Justice and Attorney-General (including the Department of Justice and Attorney-General, Public Trustee of Queensland, Legal Aid Queensland and the Crime and Corruption Commission) are \$75.7 million.

Department of Justice and Attorney-General

The Department of Justice and Attorney-General capital acquisitions for 2018-19 of \$44.5 million will primarily focus on the upgrade of courthouses, the expansion and upgrade of the existing audio visual capacity in the justice system, the implementation of an online Blue Card application system and a program of minor works in courthouses.

Program Highlights (Property, Plant and Equipment)

- \$6.5 million of \$12 million to upgrade the Rockhampton courthouse.
- \$3.7 million of \$11 million to upgrade the Beenleigh courthouse.
- \$3.7 million of \$9 million to upgrade the Townsville courthouse.
- \$8.4 million to expand and upgrade existing audio visual capacity in the justice system, which includes video conferencing and in-custody court appearances.
- \$9.4 million to continue the ongoing program of minor works in courthouses.
- \$8.3 million of \$9.8 million to implement an online Blue Card application system.

Public Trustee of Queensland

For 2018-19 the capital budget is \$21.7 million. This capital expenditure will enable the Public Trustee to continue to provide a wide range of efficient services to the Queensland community, as well as continuing to maintain appropriate workplace health and safety standards for clients and staff. In addition it will support the delivery of the digital business transformation program of works.

Program Highlights (Property, Plant and Equipment)

- \$6.7 million to improve buildings and refurbish existing offices throughout the State.
- \$1.6 million to fit out offices and invest in information and communication technology network infrastructure.
- The Public Trustee will also invest \$13.3 million in digitisation projects and the business transformation program of works.

Legal Aid Queensland

Legal Aid Queensland’s 2018-19 capital expenditure program is \$3.1 million. Legal Aid Queensland will invest \$2.8 million on major property, plant and equipment projects, including to refurbish the Mount Isa and Brisbane offices.

A further \$325,000 will be invested to replace some of Legal Aid Queensland’s motor vehicles and minor property, plant and equipment.

Crime and Corruption Commission

The Crime and Corruption Commission will spend \$6.4 million on its capital purchases in 2018-19.

Program Highlights (Property, Plant and Equipment)

- \$2.6 million to replace computer and other information technology equipment.
- \$1.7 million to continue to develop a new Integrated Case Management System.
- \$1.3 million to enhance the processing of digital evidence and to provide a contemporary information security platform.
- \$770,000 to replace vehicles.

Justice and Attorney-General					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL					
Property, Plant and Equipment					
Justice Services					
Rockhampton Courthouse Upgrade	308	12,000	464	6,536	5,000
Beenleigh Courthouse Upgrade	311	11,000	300	3,700	7,000
Townsville Courthouse Upgrade	318	9,000	350	3,650	5,000
Other acquisitions of property, plant and equipment	Various			8,458	Ongoing
Courthouses, Minor Capital Works	Various			9,446	Ongoing
Queensland Courts Information Systems	305			925	Ongoing
Sub-total Justice Services				32,715	
Other Departmental					
Implementation of online Blue Card application system	305	9,790		8,320	1,470

Capital Statement 2018-19					
Justice and Attorney-General					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Minor Capital Works - Software	305			2,065	Ongoing
Leashold Improvements	Various			531	Ongoing
Other acquisitions of property, plant and equipment	Various			881	Ongoing
Sub-total Other Departmental				11,797	
Total Property, Plant and Equipment				44,512	
PUBLIC TRUSTEE OF QUEENSLAND					
Property, Plant and Equipment					
Business Transformation Program of Works	305			13,333	Ongoing
Building Improvements - Head Office	305			4,651	Ongoing
Building Improvements - Regional Offices	Various			2,066	Ongoing
Plant and Equipment Upgrades	Various			1,611	Ongoing
Total Property, Plant and Equipment				21,661	
LEGAL AID QUEENSLAND					
Property, Plant and Equipment					
Brisbane Head Office Refurbishment	305	1,711	100	1,611	
Brisbane Leasehold Improvement	305	895		895	
Mount Isa Office Refurbishment	315	285		285	
Minor Works - Regional and Brisbane	Various	100		100	
Motor Vehicle Replacements	305	445	220	225	
Total Property, Plant and Equipment				3,116	
CRIME AND CORRUPTION COMMISSION					
Property, Plant and Equipment					
Computer and Other Equipment	305	2,633		2,633	
Computer Software (Program Unify)	305	1,691		1,691	
Digital Investigative Services	305	1,295		1,295	
Vehicle Replacement	305	770		770	
Leasehold Improvements	305	50		50	
Total Property, Plant and Equipment				6,439	
TOTAL JUSTICE AND ATTORNEY-GENERAL (PPE)				75,728	

3.12 LEGISLATIVE ASSEMBLY OF QUEENSLAND

Legislative Assembly of Queensland

The total planned 2018-19 capital expenditure for the Legislative Assembly of Queensland is \$9.2 million. Significant capital expenditure in the parliamentary precinct includes the completion of the Parliament House fire protection system and the upgrade of Parliament House data cabling infrastructure. Other capital expenditure includes the completion of the parliamentary precinct CCTV security upgrade and the ongoing replacement of corporate information technology infrastructure and other plant and equipment. In 2018-19, a number of existing Members’ electorate offices will also be relocated to address changes arising from the 2017 Electoral Boundary Redistribution and other compliance and risk issues.

Legislative Assembly of Queensland					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
LEGISLATIVE ASSEMBLY OF QUEENSLAND					
Property, Plant and Equipment					
Parliament House fire protection system	305	9,615	5,621	3,994	
Parliament House data cabling	305	300		300	
CCTV security upgrade	305	1,465	1,200	265	
Information technology network infrastructure	305			500	Ongoing
Other property, plant and equipment	305			1,355	Ongoing
Electorate office accommodation program	Various			2,800	Ongoing
Total Property, Plant and Equipment				9,214	
TOTAL LEGISLATIVE ASSEMBLY OF QUEENSLAND (PPE)				9,214	

3.13 LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS

Department of Local Government, Racing and Multicultural Affairs

In 2018-19, the Department of Local Government, Racing and Multicultural Affairs has capital purchases of \$3.3 million and capital grants of \$316.7 million.

Program Highlights (Property, Plant and Equipment)

- \$1 million to safeguard the security of the Northern Peninsula Area Water Supply System through the replacement of existing asbestos cement pipelines.
- \$1.3 million to develop a new grants management system to improve and simplify the administration of grants to local governments.
- \$965,000 for Indigenous infrastructure projects which aim to improve environmental health conditions for people living in major communities in Indigenous council areas.

Program Highlights (Capital Grants)

- \$147.8 million for the Works for Queensland program to support local governments in regional Queensland undertake job-creating maintenance and minor infrastructure works.
- \$50 million for the Indigenous Councils Critical Infrastructure Program for water, wastewater and solid waste infrastructure in Indigenous communities and to develop options for a long-term infrastructure program in Indigenous communities including the role of Indigenous councils.
- \$41.7 million for the Local Government Grants and Subsidies Program which provides funding for priority infrastructure projects to meet identified community needs and to support projects that will enhance sustainable and liveable communities.
- \$51.4 million under the Racing Infrastructure Fund to assist the Queensland racing industry improve racing infrastructure across the State.
- \$10.5 million for the Whitsunday Coast Airport Terminal Expansion Project to remediate the existing runway surface and to upgrade the terminal to meet domestic demand.
- \$4.5 million to upgrade the Torres Shire Council’s drinking-water-treatment infrastructure including water filtration and other related infrastructure on Thursday Island and Horn Island.

Capital Statement 2018-19					
Local Government, Racing and Multicultural Affairs					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS					
Property, Plant and Equipment					
Northern Peninsula Area Water Supply System - Replacement of Asbestos					
Cement Pipelines	315	5,000		1,000	4,000
Implementing More Effective Funding Grants to Local Government	Various	1,300		1,300	
Other Indigenous Infrastructure	315	1,068	103	965	
Other Property, Plant and Equipment	Various			25	Ongoing
Total Property, Plant and Equipment				<u>3,290</u>	
Capital Grants					
Works for Queensland	Various	600,000	302,189	147,811	150,000
Indigenous Councils Critical Infrastructure Program	Various	120,000	40,000	50,000	30,000
Local Government Grants and Subsidies Program	Various			41,676	Ongoing
Whitsunday Coast Airport Terminal Expansion Project	312	15,000	4,500	10,500	
Torres Shire Council Water Treatment Infrastructure Upgrade	315	12,000		4,500	7,500
National Insurance Affordability Initiative - Australian Government	307	17,000	12,020	4,980	
Major Infrastructure Program - Stage 6	315	15,000	7,500	3,750	3,750
Kowanyama Aboriginal Shire Council Economic Growth and Jobs Initiative	315	1,100		1,100	
Kuranda Skyrail and Infrastructure Levy	306			744	Ongoing
Racing Infrastructure Fund	Various	120,217	18,744	51,431	50,042
Other Capital Grants	308	400	200	200	
Total Capital Grants				<u>316,692</u>	
TOTAL LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS (PPE)				<u><u>3,290</u></u>	
TOTAL LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS (CG)				<u><u>316,692</u></u>	

3.14 NATURAL RESOURCES, MINES AND ENERGY

The Natural Resources, Mines and Energy portfolio includes the Department of Natural Resources, Mines and Energy, statutory bodies reporting to the Minister for Natural Resources, Mines and Energy, and energy and water supply government-owned corporations. The portfolio’s capital program for 2018-19 is \$2.474 billion.

Department of Natural Resources, Mines and Energy

Total capital purchases for the Department of Natural Resources, Mines and Energy are estimated to be \$91 million in 2018-19. Total capital grants for the department are estimated to be \$50 million in 2018-19.

Program Highlights (Property, Plant and Equipment)

- \$66 million to construct the Rookwood Weir to provide drought contingency supplies.
- \$5 million to meet dam safety requirements at the Glen Niven Dam.

Program Highlights (Capital Grants)

- Up to \$50 million to support the development of concentrated solar thermal with storage projects to provide clean and baseload power.

CS Energy Limited

Total capital expenditure planned for 2018-19 is \$225.5 million. This reflects CS Energy’s continued commitment to ongoing reliability and efficiency of generation plant at its power station sites.

Program Highlights (Property, Plant and Equipment)

- \$104.6 million to improve the Callide Power Station, including \$87.9 million for overhaul work.
- \$8.6 million to develop and refurbish the Kogan Creek Mine.
- \$90.5 million to improve the Kogan Creek Power Station, including \$52.2 million for overhaul work.
- \$4.8 million to improve the Wivenhoe Power Station, including \$2.4 million for overhaul work.
- \$17 million to improve business systems at Brisbane head office.

Stanwell Corporation Limited

Stanwell Corporation’s planned capital purchases for 2018-19 are \$208.6 million, which primarily relates to replacement, refurbishment and upgrades to plant and equipment at the various Queensland power station sites.

Program Highlights (Property, Plant and Equipment)

- \$69.8 million to overhaul Tarong Power Station, including \$39.9 million for the major overhaul, \$12.1 million to overhaul the high and intermediate pressure turbines and \$17.8 million for various small projects.
- \$54 million to overhaul the Stanwell Power Station, including \$19.7 million for the major overhaul, \$17.9 million to upgrade the control system, \$5.2 million for the unit cooling water mid life condenser re-tube and \$11.2 million for various small projects.
- \$31.9 million to overhaul Meandu Mine, including \$7 million for the dragline overhauls, \$3.5 million for Coal Handling Preparation Plant replacements and upgrades, \$3.8 million for the mine development area, \$2.3 million for ash storage project and \$15.3 million for various small projects
- \$23 million to overhaul Swanbank, including \$20.3 million for the Swanbank Power Station major overhaul and \$2.7 million for various small projects.
- \$21.2 million to upgrade information technology, including \$15.3 million for hardware and software upgrades and \$5.9 million for upgrades and replacements of major ICT systems.
- \$5 million to develop future gas supply to Swanbank Power Station.

Energy Queensland

Energy Queensland Limited’s planned capital expenditure for 2018-19 of \$1.461 billion forms part of its commitment to providing a safe, secure and highly reliable electricity supply to all Queensland customers that is both cost effective and dependable, by continuing a focus on efficiencies, asset management, and network capability.

The capital program aims to improve and reinforce electricity supplies across Queensland to meet customer needs, especially to cover peak electricity demand periods, and to support the increased use of residential solar power, storage batteries, electric vehicles, and air-conditioners.

Program Highlights (Property, Plant and Equipment)

- \$29 million to continue work on the multi-stage SunCoast Power Project to increase network capacity and improve reliability on the Sunshine Coast.

- \$15.9 million to upgrade the Mackay Tennyson Street Substation to improve network performance.
- \$2.2 million to continue to redevelop the Bundall Substation to increase network capacity and improve reliability.
- \$2.6 million to upgrade the Labrador Substation to improve network performance.
- \$2.6 million to upgrade the Clayfield Substation to improve network performance.
- \$1.5 million to upgrade the Palm Beach Substation to improve network performance.
- \$1.1 million to upgrade the Caboolture West Substation to improve network performance.
- \$345,000 to upgrade the Amamoor Substation to improve network performance.

Powerlink Queensland

Powerlink Queensland is the high voltage electricity transmission entity for Queensland. Powerlink’s planned capital expenditure for 2018-19 is \$232.7 million and is predominantly focused on refit or replacement of aged equipment and assets to ensure continued reliable supply of electricity.

Program Highlights (Property, Plant and Equipment)

- \$8.7 million to refit the Collinsville-Proserpine transmission line in North Queensland.
- \$7 million to replace assets at the Gin Gin Substation, near Bundaberg.
- \$4.2 million to install a new transformer at Calvale and reconfigure the 132kV network to ensure continued reliability of supply to the Fitzroy area.
- \$3.6 million to replace primary plant and secondary systems at the Mackay Substation.
- \$3.6 million to replace secondary systems at the Rocklea Substation in Brisbane.
- \$2.4 million to replace secondary systems at the Calvale and Callide B substations in the Fitzroy area.
- \$2.6 million to replace secondary systems at the Nebo Substation near Mackay.

SunWater Limited

SunWater’s planned capital purchases for 2018-19 total \$25.6 million. This will focus on the continuation of a reliable bulk water supply for regional Queensland and ensuring SunWater’s dams are enhanced to meet the extreme weather events that the State can experience.

Program Highlights (Property, Plant and Equipment)

- \$9.1 million to repair, maintain, renew and enhance existing water infrastructure assets and water supply schemes across regional Queensland, as part of SunWater’s annual program of works.
- \$1.2 million to improve Beardmore Dam, with planned construction to extend the existing channel structure a further 40 metres downstream to safeguard against future extreme weather events.
- \$345,000 to finalise and establish the Emergency Management Response Plan associated with the continued improvement of SunWater’s dedicated flood control room, including specific computer and communications systems fit out and associated software.
- \$3.6 million to pursue business development opportunities such as hydro-electric power, solar energy and raising of Burdekin Falls Dam to increase capacity.
- \$6.2 million to establish and fit out a new office location in Brisbane.
- \$640,000 to develop software and hardware involving the renewal and replacement of computer equipment and security enhancements to SunWater’s business and data networks.
- \$4.5 million for plant and equipment, including capital expenditure associated with vehicles, trailers, pumps, and valves, required for SunWater’s operations, and minor works.

Gladstone Area Water Board

The Gladstone Area Water Board (GAWB) has planned capital of \$22.8 million for 2018-19. The capital program is focused on continuing effective and safe operations of GAWB’s property, plant and equipment.

Program Highlights (Property, Plant and Equipment)

- \$3.6 million to maintain the offline standby storage and repump station, provide 14 days of raw water supply independent of critical infrastructure at Awoonga Dam, mitigate risk and facilitate planned maintenance of critical infrastructure.
- \$829,000 to replace flowmeters and purchase new mobile emergency generators to provide backup power supply for critical infrastructure in relation to the mobile emergency electrical generation units project.
- \$547,000 to maintain East End Reservoir, including works designed to replace the roof, both internal and external ladders, carry out repairs to the construction joints and undertake patch repairs to the concrete walls and anchor blocks of the reservoir.

- \$750,000 to provide a condition assessment of South Trees Pipe and to install cathodic protection on South Trees Bridge to protect against corrosion of the bridge supports that carry critical pipelines.

Mount Isa Water Board

Total planned capital expenditure for the Mount Isa Water Board (MIWB) for 2018-19 is \$9 million. The capital program is focused on the continuing cost-effective, reliable, and safe operation of MIWB’s plant, property and equipment.

Program Highlights (Property, Plant and Equipment)

- \$2 million for the Mount Isa Terminal Reservoir storage tanks project, which will see completion of the construction of new portable storage tanks to replace the aged South Tank, eliminating water losses, improving water supply reliability and addressing water quality assurance requirements.
- \$1 million to commence procurement of pipe material for the renewal of selected sections of Moondarra to Mount Isa Terminal Reservoir pipeline, particularly those aged and high-risk segments downstream of Lake Moondarra Booster Station.
- \$1.7 million to continue renewal of the high-voltage yards and electro-mechanical equipment in the Lake Julius power system, particularly the commencement of restoration and improvement works on the existing Hilton take-off yard.

Seqwater

Planned capital purchases for Seqwater in 2018-19 are \$147.2 million. The capital program is focused on the continuation of a safe, secure and reliable water supply for South East Queensland, as well as providing essential flood mitigation services and managing catchment health.

Seqwater has facilities located throughout South East Queensland. These require minor works and renewals, as well as upgrades and compliance driven works to ensure effective operation.

Program Highlights (Property, Plant and Equipment)

- \$1 million to continue planning works for the Lake MacDonald Dam safety upgrade to comply with dam safety regulations.
- \$10 million for the Sideling Creek Dam safety upgrade to comply with dam safety regulations.
- \$1.5 million to continue to refurbish and upgrade 20 filters at the Mount Crosby East Bank Water Treatment Plant to maintain and improve capacity and reliability.

- \$1.7 million to refurbish the Somerset Hydro Electrical Plant to allow the plant to resume operations and provide renewable energy.
- \$13 million to upgrade and improve the Leslie Harrison Dam to comply with dam safety regulations.
- \$3 million to continue the planning for the proposed pipeline connection for Beaudesert to the water grid to secure long-term water supply.

Natural Resources, Mines and Energy					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
DEPARTMENT OF NATURAL RESOURCES, MINES AND ENERGY					
Property, Plant and Equipment					
Rookwood Weir	308	352,000		66,000	286,000
Glen Niven Dam	307	5,000		5,000	
Strategic Resources Exploration Program	Various	7,125	1,995	2,422	2,708
Coal Mine Workers' Health Scheme	Various	4,018	916	2,630	472
Financial Assurance Framework Reform Program	305	3,975	1,384	2,591	
Stock Route network	Various			800	Ongoing
Systems development	305			3,075	Ongoing
Other property, plant and equipment	Various			7,166	Ongoing
Water Monitoring network	Various			1,312	Ongoing
Total Property, Plant and Equipment				90,996	
Capital Grants					
Solar Thermal Plant contribution	Various	50,000		50,000	
Total Capital Grants				50,000	
CS ENERGY LIMITED					
Property, Plant and Equipment					
Callide Power Station enhancements, overhauls and refurbishment	308	104,596		104,596	
Kogan Creek Power Station enhancements, overhauls and refurbishment	307	90,515		90,515	
Kogan Creek Mine developments and refurbishment	307	8,614		8,614	

Capital Statement 2018-19					
Natural Resources, Mines and Energy					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Wivenhoe Power Station enhancements, overhauls and refurbishment	310	4,752		4,752	
Upgrade of corporate information systems to support the business	305	17,001		17,001	
Total Property, Plant and Equipment				225,478	
STANWELL CORPORATION LIMITED					
Property, Plant and Equipment					
Swanbank Power Station					
Swanbank Power Station Gas Supply Strategy	307			5,000	Ongoing
Swanbank Power Station - Overhauls	310			20,250	Ongoing
Swanbank Power Station - Minor works	310			2,708	Ongoing
Barron Gorge Power Station - Minor works	306			293	Ongoing
Kareeya Power Station - Minor works	306			1,682	Ongoing
Koombooloomba Power Station - Minor works	306			1,499	Ongoing
Mica Creek Power Station					
Mica Creek Power Station - Minor works	315			257	Ongoing
Meandu Mine					
Meandu Mine - Coal handling preparation plant replacements and upgrades	319			3,450	Ongoing
Meandu Mine - Development Program	319			3,809	Ongoing
Dragline overhaul at Meandu Mine	319			7,000	Ongoing
Meandu Mine - Asset refurbishments	319			17,595	Ongoing
Stanwell Power Station					
Stanwell Power Station - Other sustaining projects	308			11,249	Ongoing
Stanwell Power Station - Control system upgrade	308			17,930	Ongoing
Stanwell Power Station - Mid life condenser retube	308			5,173	Ongoing

Capital Statement 2018-19

Natural Resources, Mines and Energy					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Stanwell Power Station - Overhauls	308			19,668	Ongoing
Tarong Power Station					
Tarong Power Station - High and intermediate pressure turbine overhauls	319			12,070	Ongoing
Tarong Power Station - Other sustaining projects	319			17,810	Ongoing
Tarong Power Station - Overhauls	319			39,943	Ongoing
Other Capital Projects					
Hardware and software upgrades	Various			15,300	Ongoing
Enterprise program of works	Various			5,866	Ongoing
Total Property, Plant and Equipment				208,552	

ENERGY QUEENSLAND

Property, Plant and Equipment					
Standard Control Services					
Augmentation					
Dysart Substation upgrade	312	12,839	1,172	4,512	7,155
Moranbah Substation upgrade	312	6,764	6,547	217	
Network initiated capacity augmentation - Brisbane	Various	44,856		44,856	
Network initiated capacity augmentation - Gold Coast	309	20,157		20,157	
Network initiated capacity augmentation - Ipswich	310	15,700		15,700	
Network initiated capacity augmentation - Sunshine Coast	316	23,379		23,379	
Other regulated customer initiated capital work - augmentation	Various	77,433		77,433	
Real Time Capacity Architecture	Various	2,172	1,884	288	
Safety Net Implementation	Various	7,324	6,604	720	
SunCoast Power Project	316	89,339	33,975	29,023	26,341
Yarranlea Substation upgrade	307	8,138	2,314	888	4,936
Sub-total Augmentation				217,173	

Capital Statement 2018-19

Natural Resources, Mines and Energy					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Replacements					
Amamoor Substation upgrade	319	2,877	2,532	345	
Barcaldine Substation upgrade	315	3,410	1,170	2,237	3
Bromelton Substation upgrade	311	2,670	2,385	285	
Bundall Substation upgrade	309	9,838	7,598	2,240	
Caboolture West - Replace transformers and relays	313	13,687	12,571	1,116	
Charters Towers Substation upgrade	318	3,930	1,368	1,894	668
Chermside Substation upgrade	302	5,594	68	611	4,915
Circuit Breaker Replacement Program	Various	3,635	2,150	1,484	1
Clayfield Substation upgrade	305	8,006	811	2,583	4,612
Conductor Clearance Program	Various	46,020		46,020	
Conductor Clearance to Structure	Various	18,237	8,118	10,119	
Emerald Cornet Substation upgrade	308	3,477	448	2,010	1,019
Glenore Grove Substation upgrade	310	5,805	71	286	5,448
Grantham Substation upgrade	317	2,456	2,157	299	
Hemmant Substation upgrade	301	8,957	5,046	3,787	124
Hendra - Clayfield underground feeder	305	11,742	125	76	11,541
Hendra - Nundah underground feeder	302	8,398	96	133	8,169
Hendra Substation upgrade	305	2,046	67	262	1,717
Herring Lagoon Substation upgrade	301	3,165	1,033	2,094	38
Howard Substation upgrade	319	8,194	246	1,788	6,160
Inala Substation upgrade	310	3,990	1,308	2,460	222
Kenmore Substation upgrade	304	3,073	454	2,412	207
Kilcoy Substation upgrade	313	10,795	140	467	10,188
Labrador Substation upgrade	309	16,879	13,994	2,576	309
Lawnton Substation upgrade	314	3,995	3,578	417	
Lota Substation upgrade	301	3,913	2,412	1,315	186
Low Voltage Small Copper replacement (Stage 2 and 3)	Various	98,484	24,172	21,456	52,856

Natural Resources, Mines and Energy						
Project		Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
	Mackay Tennyson Street Substation upgrade	312	21,655	4,805	15,904	946
	Meeandah - Whinstanes underground feeder	302	8,692	48	187	8,457
	Miami Substation upgrade	309	3,459	2,641	818	
	Network initiated replacement works - Brisbane	Various	100,276		100,276	
	Network initiated replacement works - Gold Coast	309	31,045		31,045	
	Network initiated replacement works - Ipswich	310	24,141		24,141	
	Network initiated replacement works - Sunshine Coast	316	32,072		32,072	
	Network initiated replacement works - Wide Bay	319	3,253		3,253	
	Other regulated customer initiated capital work - replacements	Various	200,842		200,842	
	Palm Beach Substation upgrade	309	15,333	13,835	1,487	11
	Protection replacement	Various	10,229	4,291	3,100	2,838
	Queensport-Bulimba underground feeder	305	5,513	4,922	586	5
	Redcliffe Substation upgrade	313	7,871	234	512	7,125
	Richlands Substation upgrade	310	4,386	57	400	3,929
	South Pine to Hays Inlet - Replace overhead earth wire with optical fibre	314	4,863	2,356	2,507	
	Surfers Paradise Substation upgrade	309	8,461	55	634	7,772
	Toolara Forest Substation upgrade	319	5,415	2,058	2,007	1,350
	Toowong Substation upgrade	305	3,757	1,244	1,935	578
	Zillmere Substation upgrade	302	3,211	3,128	83	
	Sub-total Replacements				532,561	
	Connections					
	Connections - Brisbane	Various	51,693		51,693	
	Connections - Gold Coast	309	8,993		8,993	
	Connections - Ipswich	310	6,257		6,257	
	Connections - Sunshine Coast	316	7,155		7,155	

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Natural Resources, Mines and Energy					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Other regulated customer initiated capital work (standard control services)	Various	86,799		86,799	
Sub-total Connections				160,897	
Sub-total Standard Control Services				910,631	
Non-System Capital Expenditure					
Cairns - Bunda Street	306	5,402		5,402	
Cairns Depot development	306	3,271	1,358	1,913	
Information and communication technologies	305	20,280	3,200	3,000	14,080
Information and communication technologies	Various	42,129	8,815	2,795	30,519
Property - Minor Program for 2018-19	Various	58,059		58,059	
Property and buildings	Various	27,983		27,983	
Proserpine redevelopment	312	3,641		3,641	
Searle Street Maryborough redevelopment	319	3,144	148	2,996	
Tools and equipment	305	1,935		1,935	
Tools and equipment	Various	6,065		6,065	
Vehicles - Energex	305	28,800		28,800	
Vehicles - Ergon Energy	Various	30,200		30,200	
Sub-total Non-System Capital Expenditure				172,789	
Alternative Control Services					
Customer initiated works - Gold Coast	309	7,177		7,177	
Customer initiated works - Wide Bay/Burnett	319	572		572	
Customer initiated works - Brisbane	Various	74,736		74,736	
Customer initiated works - Ipswich	310	6,068		6,068	
Customer initiated works - Sunshine Coast	316	1,412		1,412	
Other regulated customer initiated capital work (alternative control services)	Various	58,651		58,651	
Sub-total Alternative Control Services				148,616	

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Natural Resources, Mines and Energy					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Non-Regulated Capital Expenditure					
Aurukun generator replacement	315	12	10	2	
Embedded Generators - Energex	305	455		455	
Energy meters in isolated communities	315	7,305	7,125	180	
Environment Related Projects - Torres Strait	315	2,125	1,708	417	
Isolated Systems augmentation and upgrades	Various	13,302		1,170	12,132
Multiple Site Line reconductor program	315	1,064		316	748
Other isolated capital work	Various	19,072	202	18,870	
Unregulated metering and metering dynamics	305	46,084		46,084	
Infrastructure services	Various	30,393		30,393	
Sub-total Non-Regulated Capital Expenditure				97,887	
ICT Capital Expenditure					
Digital Office Capital Expenditure - Energex	305	63,280		63,280	
Digital Office Capital Expenditure - Ergon Energy	Various	55,441		55,441	
Ergon Energy Retail capital expenditure	305	12,500		12,500	
Sub-total ICT Capital Expenditure				131,221	
Total Property, Plant and Equipment				1,461,144	
POWERLINK QUEENSLAND					
Property, Plant and Equipment					
Callide A / Calvale 132 kilovolt network reinvestment	308	22,500	11,212	4,200	7,088
Collinsville to Proserpine transmission line refit	312	34,300	14,687	8,700	10,913
Mackay Substation replacement	312	24,500	16,670	3,600	4,230
Rocklea Substation secondary systems replacement	303	21,100	14,046	3,600	3,454
Stanwell Substation secondary systems replacement	308	19,300	17,844	1,200	256
Nebo Substation primary plant replacement	312	22,500	14,369	1,000	7,131

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Natural Resources, Mines and Energy					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Calvale and Callide B Substation secondary systems replacement	308	21,800	8,869	2,400	10,531
Nebo secondary systems replacement	312	21,000	7,056	2,600	11,344
Gin Gin Substation rebuild	319	22,800	5,209	7,000	10,591
Total non prescribed transmission network connections	Various			55,100	Ongoing
Total Other Projects	Various			143,300	Ongoing
Total Property, Plant and Equipment				232,700	

SUNWATER LIMITED

Property, Plant and Equipment					
Callide water supply refurbishment and enhancement	308			882	Ongoing
Emerald irrigation and water supply refurbishment and enhancement	308			361	Ongoing
Paradise Dam water supply refurbishment and enhancement	319			319	Ongoing
Beardmore Dam - Thuraggi channel repair	307			1,230	Ongoing
Eton irrigation and water supply refurbishment and enhancement	312			570	Ongoing
Eungella pipeline refurbishment and enhancement	312			304	Ongoing
Mareeba irrigation and water supply refurbishment and enhancement	315			714	Ongoing
Minor works	Various	2,602		2,602	
Plant and equipment	Various	1,875		1,875	
Software development and hardware	Various	640		640	
Blackwater pipeline refurbishment and enhancement	308			299	Ongoing
Bowen Broken water supply refurbishment and enhancement	312			428	Ongoing
Bundaberg irrigation and water supply refurbishment and enhancement	319			1,197	Ongoing
Burdekin irrigation and water supply refurbishment and enhancement	318			1,328	Ongoing

Natural Resources, Mines and Energy					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Burdekin Moranbah Pipeline refurbishment and enhancement	312			497	Ongoing
Awoonga-Callide pipeline refurbishment and enhancement	308			467	Ongoing
Burdekin water supply refurbishment and enhancement	318			392	Ongoing
Business development opportunities	305	3,620		3,620	
Stanwell pipeline refurbishment and enhancement	308			835	Ongoing
SunWater office relocation	305	6,232		6,232	
Tarong pipeline refurbishment and enhancement	319			485	Ongoing
Emergency flood management response plan	305			345	Ongoing
Total Property, Plant and Equipment				25,622	

GLADSTONE AREA WATER BOARD

Property, Plant and Equipment					
Hatchery Relocation Project	308	6,522	218	2,950	3,354
Connection to Gladstone Regional Council Kirkwood Reservoir	308	7,003	267	1,272	5,464
Automation projects	308	2,655	724	1,931	
Offline Storage and Repump Station	308	33,757	30,130	3,627	
Mobile emergency electrical generation units, Flowmeter replacements	308	1,193	364	829	
Condition assessment of South Trees Pipe	308	1,250	500	750	
Supervisory control and data acquisition telemetry network review	308	1,365	428	937	
Additional corrosion protection Curtis Island	308	689	141	548	
East End Reservoir various works	308	1,790	1,243	547	
Sewerage Treatment Plant replacement and irrigation area	308	1,261	662	599	
Minor works	308	14,727	5,904	8,823	
Total Property, Plant and Equipment				22,813	

Natural Resources, Mines and Energy					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
MOUNT ISA WATER BOARD					
Property, Plant and Equipment					
Road access improvement	315	773	137	636	
Critical spares procurement	315	937	337	600	
Lake Moondarra Booster Pump Station oil circuit breaker replacement	315	354	248	106	
Asset enhancements	315			219	Ongoing
Asset renewals	315			483	Ongoing
Other asset replacements and enhancements	315			66	Ongoing
Power reliability Moondarra system	315	1,289	1,074	215	
Power reliability Hilton - Lake Julius	315	7,763	1,011	1,742	5,010
Lake Julius power pole replacement	315			280	Ongoing
Mount Isa Terminal Reservoir storage tanks	315	2,887	891	1,996	
Operations and Maintenance asset requirements	315	1,292	833	143	316
Upgrade maintenance access to pump stations	315	512	85	178	249
Chlorine dose equipment upgrade	315	3,602		364	3,238
Fire supression	315	310		310	
Mount Isa City Council supply - Diesel backup	315	1,302		157	1,145
Moondarra to Mount Isa Terminal Reservoir pipeline upgrade	315	2,881		1,000	1,881
Control systems supervisory control and data acquisition upgrade	315	1,068		532	536
Total Property, Plant and Equipment				9,027	
SEQWATER					
Property, Plant and Equipment					
Lake MacDonald Dam upgrade - Stage 2	316	8,559	7,514	1,045	
Sideling Creek Dam Safety upgrade - Stage 1	314	18,000	1,957	10,000	6,043
Mount Crosby East Bank Water Treatment Plant filtration upgrade	310	34,171	1,678	1,500	30,993

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Natural Resources, Mines and Energy					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Somerset Hydro refurbishment	310	12,620	10,671	1,699	250
Beaudesert Water Supply Zone upgrade	311	3,082	82	3,000	
Leslie Harrison Dam safety upgrade	301	24,572	2,072	13,000	9,500
Other infrastructure capital works	Various			99,315	Ongoing
Non-infrastructure capital works	Various			5,344	Ongoing
Fleet renewal	Various			1,700	Ongoing
Information and Communication Technology Capital Program	Various			10,593	Ongoing
Total Property, Plant and Equipment				147,196	
TOTAL NATURAL RESOURCES, MINES AND ENERGY (PPE)				2,423,528	
TOTAL NATURAL RESOURCES, MINES AND ENERGY (CG)				50,000	

3.15 PREMIER AND CABINET

Department of the Premier and Cabinet

The Department of the Premier and Cabinet (including Ministerial Offices and Office of the Leader of the Opposition) has planned a capital program of \$2.1 million in 2018-19.

Program Highlights (Property, Plant and Equipment)

- \$597,000 to upgrade multiple information and communication technology systems. This includes replacing the Joiners, Leavers and Movers System, upgrading the Performance Information Management System and enhancing the Queensland Integrated Legislation Lifecycle System.
- \$450,000 to replace the Ministerial Firewall which forms part of the Ministerial Offices and Office of the Leader of the Opposition security platform.

Program Highlights (Capital Grants)

- \$1 million as part of \$12 million in total State funding to Screen Queensland to fit out a commercial property for screen production purposes.

Project	Premier and Cabinet		Total	Expenditure	Budget	Post	
	Statistical	Estimated	Cost	to			
			Area	30-06-18			
						2018-19	2018-19
						\$'000	\$'000
DEPARTMENT OF THE PREMIER AND CABINET							
Property, Plant and Equipment							
Information and Communication Technology Systems Upgrade	305	652	55	597			
Ministerial Offices and Office of the Leader of the Opposition Firewall	305	450		450			
Total Property, Plant and Equipment				1,047			
Capital Grants							
Screen Production Facility	301	1,015		1,015			
Total Capital Grants				1,015			
TOTAL PREMIER AND CABINET (PPE)				1,047			
TOTAL PREMIER AND CABINET (CG)				1,015			

3.16 PUBLIC SAFETY BUSINESS AGENCY

The 2018-19 Public Safety Business Agency capital program of \$254.1 million supports the delivery of essential frontline public safety services to Queensland communities.

The program will fund capital works, vehicles, information technology and other essential equipment for the Queensland Police Service, Queensland Fire and Emergency Services and the Office of the Inspector-General Emergency Management.

Queensland Fire and Emergency Services

In 2018-19, \$82.3 million is provided for fire and emergency services facilities, urban and rural fire appliances, information and communications systems and equipment including:

- \$4.3 million to commence replacement of the auxiliary fire and rescue stations at El Arish, Esk, Gracemere, Kilkivan, Wooroolin and Yarraman.
- \$3.8 million to complete replacement of the auxiliary fire and rescue stations at Childers, Rathdowney and Richmond and an upgrade at Dirranbandi.
- \$2.5 million to complete an upgrade of the permanent fire and rescue stations at Loganlea, Mount Ommaney and West Logan.
- \$3 million to commence replacement of the permanent fire and rescue stations at Bracken Ridge and Chandler and a new station at Pimpama.
- \$250,000 to commence the upgrade of the rural fire station at Logan Village to service the community of Yarrabilba and surrounds.
- \$800,000 to complete an upgrade of the permanent fire and rescue station and communications centre at Rockhampton.
- \$442,000 to complete a Rural Fire Service and State Emergency Service (SES) facility at Howard, collocated with a replacement police station.
- \$2.1 million to complete an upgrade of the Horn Island collocated Rural Fire Service and SES facility.
- \$3 million to commence infrastructure works for the south western region headquarters and replacement of the permanent station at Charlton.
- \$50,000 to commence a new emergency services facility at Maleny.
- \$2.1 million to complete an upgrade of the mixed permanent-auxiliary fire and rescue station at Mount Isa and to commence replacement of the combined area office and the Rural Fire Service and SES facility at Mount Isa.

- \$2 million to commence the Cairns fire communications centre upgrade and \$500,000 to complete the Charleville area office refurbishment.
- \$400,000 to commence the Weipa emergency and disaster centre.
- \$2.5 million for strategic land acquisitions and Rural Operations land purchases.
- \$44.3 million for replacement and new urban and rural fire appliances.
- \$4.6 million for minor capital works across the State including upgrades of fire and rescue station amenities.
- \$5.8 million for operational, information and communications systems and equipment.

Queensland Police Service

In 2018-19, \$123.3 million is provided for Queensland Police Service facilities, information and communication technology and other essential equipment including:

- \$10.6 million to continue the new Counter-Terrorism and Community Safety Training Centre at Wacol.
- \$19.3 million to commence construction of a warehouse facility at Wacol.
- \$5.2 million to continue to refurbish heritage buildings at Wacol.
- \$11.7 million to complete the replacement police station and district headquarters at Caboolture.
- \$3.7 million to continue to upgrade the West End police station.
- \$2.4 million to commence construction of a new police facility at Arundel.
- \$1.3 million to complete the replacement police station at Kilcoy.
- \$724,000 to complete a replacement police station at Howard, collocated with a Rural Fire Service and SES facility and a replacement police station at Bowen.
- \$900,000 to continue the planning and design of replacement police stations or alternate police facilities at Beaudesert, Caboolture, Coolum, Mount Morgan, Nambour and Pormpuraaw, the new station at Highfields and to upgrade the stations at Aurukun and Atherton.
- \$400,000 to upgrade the Logan Village Neighbourhood Police Beat to service the Yarrabilba community and surrounds.
- \$30 million for new and replacement police service vehicles.
- \$5.4 million for new and replacement police service vessels.

- \$21.2 million for operational, information and communications systems and equipment including the Public Safety Network.
- \$9.4 million for minor capital works including Newtown Neighbourhood Police Beat and \$1.2 million for other plant and equipment across the State.

Public Safety Business Agency - Other Departmental Capital

- \$31.8 million to replace rotary-wing aircraft, which deliver aeromedical retrieval and transfer services and perform search and rescue and disaster response operations.
- \$7.4 million to maintain aircraft.
- \$8.9 million to support Queensland Ambulance Service information and communication technology.
- \$300,000 for other departmental information systems development.

Public Safety Business Agency					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
PUBLIC SAFETY BUSINESS AGENCY					
Property, Plant and Equipment					
Queensland Fire and Emergency Services					
Buildings					
Bracken Ridge replacement permanent station	302	6,000		1,500	4,500
Cairns communications centre upgrade	306	2,500		2,000	500
Chandler replacement permanent station	301	4,000		1,000	3,000
Charleville area office refurbishment	315	1,200	700	500	
Charlton regional headquarters upgrade and firecom infrastructure	317	7,000		2,000	5,000
Charlton replacement permanent station	317	3,600		1,000	2,600
Childers replacement auxiliary station	319	3,731	3,372	359	
Dirranbandi auxiliary station upgrade	307	800	300	500	

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Public Safety Business Agency					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
El Arish replacement auxiliary station	306	1,800		900	900
Esk replacement auxiliary station	310	1,800		800	1,000
Gracemere replacement auxiliary station	308	2,100		100	2,000
Horn Island collocated rural fire and SES facility upgrade	315	2,800	690	2,110	
Howard rural fire and SES facility, collocated with police station	319	4,762	4,320	442	
Kilkivan replacement auxiliary station	319	1,800		900	900
Loganlea permanent station upgrade	311	500		500	
Maleny emergency services ¹ facility	316	2,500		50	2,450
Mount Isa replacement combined area office	315	2,500	500	2,000	
Mount Isa rural fire and SES facility upgrade	315	4,000		100	3,900
Mount Ommaney permanent station upgrade	304	1,500	50	1,450	
Pimpama new permanent station	309	3,000		500	2,500
Rathdowney replacement auxiliary station	311	1,900	200	1,700	
Richmond replacement auxiliary station	315	2,200	987	1,213	
Rockhampton permanent station upgrade and communications centre	308	4,553	3,753	800	
Weipa emergency and disaster centre	315	1,200		400	800
West Logan permanent station upgrade	311	500		500	
Wooroolin replacement auxiliary station	319	1,400		800	600
Yarrabilba rural fire station ² upgrade and new facility	311	4,250		250	4,000

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Public Safety Business Agency						
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000	
Yarraman replacement auxiliary station	307	1,500		800	700	
Minor works	Various			4,600	Ongoing	
Land						
Strategic land acquisitions	Various			2,400	Ongoing	
Rural Operations land purchases	Various			100	Ongoing	
Plant and Equipment						
Rural fire appliances	Various			15,305	Ongoing	
Urban fire appliances	Various			29,014	Ongoing	
Communications equipment	Various			5,503	Ongoing	
Other plant and equipment	Various			250	Ongoing	
Sub-total Queensland Fire and Emergency Services				82,346		
Queensland Police Service						
Buildings						
Arundel new facility	309	11,500		2,400	9,100	
Atherton station upgrade	306	6,190	190	100	5,900	
Aurukun station and watchhouse upgrade	315	6,700	200	100	6,400	
Beaudesert replacement station	311	5,890	390	100	5,400	
Bowen replacement station	312	8,305	7,914	391		
Caboolture replacement station and district headquarters	313	15,800	4,113	11,687		
Caboolture refurbishment of old station and watchhouse	313	6,553	143	100	6,310	
Coolum replacement station	316	2,700		100	2,600	
Highfields new station	317	2,770	129	100	2,541	
Howard replacement station, collocated with rural fire and SES facility	319	3,901	3,568	333		
Kilcoy replacement station	313	2,100	752	1,348		
Logan Village Neighbourhood Police Beat upgrade	311	400		400		
Mount Morgan replacement station	308	2,100	100	100	1,900	
Nambour replacement station	316	9,040	140	100	8,800	
Pormpuraaw replacement station and watchhouse	315	8,200	230	100	7,870	
Wacol Counter-Terrorism and Community Training Centre	310	46,700	1,400	10,600	34,700	

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Public Safety Business Agency						
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000	
Wacol heritage buildings refurbishment	310	5,860	169	5,200	491	
Wacol warehouse facility	310	26,000	1,050	19,280	5,670	
West End station upgrade	305	4,300	50	3,740	510	
Air conditioning plant replacement program	Various			4,000	Ongoing	
Closed circuit camera upgrades in various watchhouses	Various			2,000	Ongoing	
Minor works	Various			3,350	Ongoing	
Plant and Equipment						
Information and communication technology	Various			12,131	Ongoing	
Public Safety Network	305			9,045	Ongoing	
Vehicle replacement and growth	Various			29,951	Ongoing	
Vessel management program	Various			5,360	Ongoing	
Other plant and equipment	Various			1,200	Ongoing	
Sub-total Queensland Police Service				123,316		
Other Departmental						
Rotary-wing aircraft replacement	Various	43,094	11,277	31,817		
Aircraft maintenance	Various			7,421	Ongoing	
Queensland Ambulance Service information systems development	Various			8,882	Ongoing	
Other departmental information systems development	Various			300	Ongoing	
Sub-total Other Departmental				48,420		
Total Property, Plant and Equipment				254,082		
TOTAL PUBLIC SAFETY BUSINESS AGENCY (PPE)				254,082		

Notes:

1. Part of the \$3 million commitment for a new complex for emergency services in Maleny. \$1 million for this project is included in Strategic land acquisitions, offset by \$500,000 for property disposal.
2. Part of the \$5 million commitment for equipped fire and emergency services for the community of Yarrabilba and surrounds. \$750,000 for this project is included in Urban fire appliances.

3.17 QUEENSLAND CORRECTIVE SERVICES

Queensland Corrective Services

Queensland Corrective Services’s capital purchases for 2018-19 of \$167.8 million will primarily focus on prison infrastructure, perimeter security upgrades and correctional centre enhancements.

Program Highlights (Property, Plant and Equipment)

- \$107 million of \$241 million to provide an additional 348 cells at Capricornia Correctional Centre.
- \$3.7 million of \$126.9 million for the Borallon Training and Correctional Centre redevelopment.
- \$20.5 million of \$76.6 million to continue upgrading the perimeter security at a number of correctional centres as part of Stage 2 of the Perimeter Security Upgrade Program.
- \$1.5 million to complete the \$6 million Brisbane Women’s Correctional Centre enhancement project.
- \$3.5 million of \$8 million to complete the Woodford Correctional Centre enhancement project.
- \$2.5 million to complete various prison infrastructure enhancement projects.
- \$18.6 million to acquire other property, plant and equipment.

Queensland Corrective Services					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
QUEENSLAND CORRECTIVE SERVICES					
Property, Plant and Equipment					
Queensland Corrective Services					
Major Works - Correctional Centres					
Capricornia Correctional Centre Expansion	308	241,000	13,403	107,000	120,597
Borallon Training and Correctional Centre	310	126,900	114,233	3,667	9,000
Perimeter Security Upgrade Program - Stage 2	Various	76,579	53,243	20,536	2,800

Capital Statement 2018-19						
Queensland Corrective Services						
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000	
High Security Expansion for Women	310	16,000	502	10,498	5,000	
Sub-total Major Works - Correctional Centres				141,701		
Correctional Centre Enhancements						
Brisbane Women's Correctional Centre	310	6,000	4,520	1,480		
Woodford Correctional Centre	313	8,011	4,542	3,469		
Prison Infrastructure	Various	14,436	11,900	2,536		
Sub-total Correctional Centre Enhancements				7,485		
Other acquisitions of property, plant and equipment	Various			18,566	Ongoing	
Sub-total Queensland Corrective Services				167,752		
Total Property, Plant and Equipment				167,752		
TOTAL QUEENSLAND CORRECTIVE SERVICES (PPE)				167,752		

3.18 QUEENSLAND FIRE AND EMERGENCY SERVICES

Queensland Fire and Emergency Services

Most new and ongoing capital initiatives to support Queensland Fire and Emergency Services (QFES) operational capability are delivered by the Public Safety Business Agency. This includes fire and emergency services facilities, fire appliances and communications equipment.

QFES continues to be responsible for delivering operational equipment and information systems development to support the provision of fire and rescue and emergency management services throughout Queensland.

In 2018-19, QFES will invest \$5.8 million in capital purchases and \$897,000 in capital grants.

Program Highlights (Property, Plant and Equipment)

- \$4 million for operational equipment, which may include protective clothing such as: fully encapsulated gas suits and equipment to service them, specialist and field-portable scientific analysis and detection equipment, and compressors for self-contained breathing apparatus. Equipment purchases may also include motorised swiftwater rescue craft, battery-powered rescue equipment, accommodation shelters and satellite communications hardware for deployable disaster response.
- \$1.5 million for additions and upgrades to information systems.
- \$250,000 for State Emergency Service (SES) on-boarding to the Government Wireless Network in South East Queensland, to support volunteers and local government and enhance an integrated emergency response.

Program Highlights (Capital Grants)

- \$712,000 for State Emergency Service capital grants.
- \$185,000 for Rural Fire Brigade capital grants.

Capital Statement 2018-19					
Queensland Fire and Emergency Services					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
QUEENSLAND FIRE AND EMERGENCY SERVICES					
Property, Plant and Equipment					
Operational equipment	Various			4,000	Ongoing
Information systems development	Various			1,500	Ongoing
SES on-boarding to the Government Wireless Network	Various	500		250	250
Total Property, Plant and Equipment				5,750	
Capital Grants					
Rural fire brigades	Various			185	Ongoing
State Emergency Service	Various			712	Ongoing
Total Capital Grants				897	
TOTAL QUEENSLAND FIRE AND EMERGENCY SERVICES (PPE)				5,750	
TOTAL QUEENSLAND FIRE AND EMERGENCY SERVICES (CG)				897	

3.19 QUEENSLAND HEALTH

The Queensland public healthcare system comprises the Department of Health, Queensland Ambulance Service (QAS) and 16 independent Hospital and Health Services. The total capital program in 2018-19 for Queensland Health and the Council of the Queensland Institute of Medical Research (QIMR) is \$985.5 million.

Queensland Health and Hospital and Health Services

The Queensland Health capital investment program works to ensure staff, patients and communities have access to contemporary health infrastructure that supports the delivery of health services. Health infrastructure that is fit for purpose and ensures value for money underpins the delivery of quality frontline services for patients and better health care in the community. The department takes a strategic view to ensure health infrastructure, healthcare technology and information communication technology (ICT) strengthen our public health system to meet the growing demand for world class facilities and services.

Program Highlights (Property, Plant and Equipment)

In 2018-19, Queensland Health will continue to invest in health infrastructure, capital works and purchases across a broad range of areas including hospitals, ambulance stations and vehicles, health technology, ICT, research and scientific services, mental health services and staff accommodation.

Hospital and health facility project highlights in 2018-19 will include:

- \$80 million under the Priority Capital Program to be distributed across Hospital and Health Services and Health Support Queensland for a range of capital works projects to enhance, refurbish or replace existing infrastructure and to sustain and improve business and service level continuity. The program seeks to address legislative compliance (including fire safety and food safety), essential services (including electricity, water supply and sewerage), major plant and systems (including air-conditioners, chillers, lifts and infrastructure call systems) and major building elements (including foundations, floors, walls and roofs).
- \$84.8 million as part of the Enhancing Regional Hospitals Program, to continue to deliver upgrades to the Hervey Bay and Gladstone Emergency Departments, to repurpose the Caloundra Health Service and to redevelop the Roma Hospital.
- \$28.7 million as part of the Building Better Hospitals program, to redevelop Logan (including a new maternity ward), Caboolture and Ipswich hospitals and to commence planning and business case development for the Wide Bay region. The \$679 million total funding also includes \$5 million to refurbish three Cancer Council Queensland lodges.

- \$1 million to commence construction of a new 42-bed residential drug rehabilitation and treatment facility in Rockhampton to improve access to specialist alcohol and other drug services for people living in Central Queensland.
- \$1.4 million to fit out and purchase equipment for the new cardiac catheterisation laboratory at Cairns Hospital.
- \$2.4 million to deliver a Magnetic Resonance Imaging (MRI) machine at Townsville Hospital.
- \$4 million to deliver a Computed Tomography (CT) scanner for Mareeba Hospital.
- \$3 million for the Children’s Health Queensland Imaging Informatics Program.
- \$3 million for the Gold Coast Medical Imaging Informatics Solution.
- \$53.3 million to continue to deliver projects as part of the Rural and Regional Infrastructure Package, including: to redevelop Blackall Hospital, Sarina Hospital, Kingaroy Hospital and Townsville Hospital Clinical Services, to construct a new Cairns Mental Health Unit, Mer (Murray) Island Building and staff accommodation across the State, and deliver a Maryborough Hospital Emergency Department and Specialist Outpatients Department.
- \$16.6 million to continue delivery of projects funded under the Significant Regional Infrastructure Projects Program. Projects include: the refurbishment of the Boulia Community Hospital, the refurbishment and expansion of the Townsville Hospital Paediatric Unit, the construction of a new primary healthcare centre on Palm Island and three new Step Up Step Down mental health facilities in Bundaberg, Gladstone and Mackay.
- \$28.1 million to establish a new Adolescent Extended Treatment Facility at the Prince Charles Hospital, two new Adolescent Step Up Step Down units in Brisbane and to refurbish two Adolescent Day Program spaces at Logan and the Gold Coast.
- \$34.5 million to continue ongoing staged works as part of the Sunshine Coast University Hospital.
- \$15.7 million to construct the new Rockhampton Hospital carpark. The facility will include 597 parking bays and will be designed to enable the construction of additional levels and parking bays to meet the future needs of the Rockhampton Hospital.

- \$26.6 million as part of the \$230 million Advancing Queensland’s Health Infrastructure Program. The program facilitates essential upgrades to health facilities and supporting infrastructure across Queensland, including repurposing of the Nambour General Hospital, redevelopment of the Atherton Hospital Emergency Department and operating theatres, and redevelopment of the Thursday Island Hospital. The program will also support the development of a new health precinct for the southern corridor of Cairns and short-term carpark solutions at Caboolture and Logan Hospitals.

In 2018-19, \$164.2 million will be invested in the prioritised ICT categories to ensure continued efficiency of the Queensland Health system. This will include investment in core infrastructure to support digital hospitals, and replacement and enhancement of core clinical systems to support frontline health service provision and decision making at the point of care. Investment will also continue in core business systems to support corporate and business services systems to enhance Queensland Health’s ability to accurately, cost effectively and seamlessly store and share data across the continuum of care.

\$162.9 million will be allocated by Hospital and Health Services for capital projects across Queensland in 2018-19. Projects include:

- \$1.7 million for the Toowoomba Hospital MRI facility.
- \$1.9 million to relocate the 16-bed Monash Lodge Aged Care facility to the Clermont Multi-Purpose Health Service site, and kitchen improvements.
- \$1.7 million for water treatment management at the Mackay Base Hospital, Proserpine Hospital, Bowen Hospital, Collinsville Multi-Purpose Health Service, Clermont Multi-Purpose Health Service, Moranbah Hospital and Dysart Hospital.
- \$19 million for ICT projects across the Metro North Hospital and Health Service.
- \$3.7 million to expand the nuclear medicine hot-laboratory at the Royal Brisbane and Women’s Hospital.
- \$5 million to continue to construct a new 184-bed Specialist and Ambulatory Care Centre at the Royal Brisbane and Women’s Hospital.
- \$16.6 million to extend existing ICT services, and develop new ICT services at the Sunshine Coast University Hospital.

Queensland Ambulance Service

In 2018-19, the QAS will invest \$32.5 million in capital purchases to support essential frontline services to provide the highest possible quality pre-hospital emergency and non-emergency care and services to the community. In implementing its capital program, the QAS will review opportunities for co-location with health services, thus improving the close linkages and working relationships between public hospitals, as well as other emergency management infrastructure. Highlights of the capital program include:

- \$15.1 million for vehicles and stretchers, including to commission 85 new and replacement ambulance vehicles and to continue the rollout of power assisted stretchers.
- \$2.5 million for ambulance facilities, including to plan and progress new stations at Hervey Bay, Drayton and Yarrabilba and replace stations at Kirwan and Mareeba.
- \$200,000 to plan an upgrade for the Gold Coast Operations Centre.
- \$2.2 million to refurbish the Rockhampton Station and Operations Centre and redevelop the Cairns Station and Operations Centre.
- \$5.5 million for minor works at various existing stations to improve functionality and amenities and prolong useful life.
- \$1.5 million to acquire strategically located land to accommodate future expansion of services in identified growth areas.
- \$866,000 for ICT including software development projects and capital grants programs to enhance patient care and service delivery.

Council of the Queensland Institute of Medical Research

The QIMR capital program in 2018-19 will invest \$8.5 million to acquire new and/or replace state-of-the-art scientific equipment.

Queensland Health					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
QUEENSLAND HEALTH AND HOSPITAL AND HEALTH SERVICES					
Property, Plant and Equipment ¹					
Hospital and Health Services					
Advancing Queensland's Health Infrastructure Program	Various	230,000	18,753	26,607	184,640
Aurukun Primary Health Care Centre Redevelopment	315	6,653	5,111	806	736
Building Better Hospitals ²	Various	674,000	3,000	28,700	642,300
Cairns Hospital Cardiac ³ Catheterisation Laboratory	306	2,800		1,400	1,400
Cairns Hybrid Theatre	306	3,681	681	3,000	
Cape York Staff Accommodation-Kowanyama Enhancing Regional Hospitals	315	3,404	977	2,427	
Caloundra Health Service Refurbishment	316	17,000	11,117	5,883	
Gladstone Hospital Emergency Department	308	42,000	4,762	26,826	10,412
Hervey Bay Hospital Emergency Department	319	42,460	30,556	11,904	
Roma Hospital Redevelopment	307	90,400	9,525	40,144	40,731
Lady Cilento Children's Hospital Resilience Project	305	8,647	4,961	2,777	909
Master Planning Studies	Various			6,930	Ongoing
Mornington Island Staff Accommodation	315	2,000	200	1,800	
Princess Alexandra Hospital Cladding Project	303	45,545	7,366	13,179	25,000
Princess Alexandra Hospital Rehabilitation Unit	303	3,000		3,000	
Priority Capital Program	Various			80,000	Ongoing
Redcliffe Hospital Carpark	313	36,780		7,508	29,272
Redland Hospital Upgrade	301	1,730		375	1,355
Rockhampton Hospital Carpark	308	25,500	5,691	15,664	4,145
Rockhampton Drug Rehabilitation and Treatment Facility	308	9,500		1,000	8,500
Rural and Regional Infrastructure Package					
Blackall Hospital Redevelopment	315	17,900	361	1,230	16,309

Capital Statement 2018-19

Queensland Health					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Cairns Hospital Mental Health Unit	306	70,000	595	1,174	68,231
Kingaroy Hospital Redevelopment	319	62,000	8,000	20,000	34,000
Maryborough Hospital Emergency Department	319	5,000	767	2,350	1,883
Maryborough Hospital Specialist Outpatients Refurbishment	319	5,000	352	4,648	
Mer (Murray) Island Building Replacement	315	7,000	403	425	6,172
Sarina Hospital Redevelopment	312	16,500	111	5,463	10,926
Townsville Hospital Clinical Services Redevelopment	318	10,400	418	9,982	
Staff accommodation program	Various	13,000	2,204	8,069	2,727
Significant Regional Infrastructure Projects Program					
Boulia Community Hospital Refurbishment	315	2,000	306	1,694	
Townsville Hospital Paediatrics Unit	318	6,600	6,500	100	
Palm Island Primary Health Care Centre	318	16,500	7,518	7,741	1,241
Adult Step Up Step Down Facility - Bundaberg	319	4,822	3,412	1,261	149
Adult Step Up Step Down Facility - Gladstone	308	4,727	3,019	1,708	
Adult Step Up Step Down Facility - Mackay	312	4,929	809	4,120	
South East Queensland - Adolescent Mental Health Facilities	Various	68,237	6,567	28,063	33,607
South East Queensland - Planning for Growth					
Caboolture Hospital Emergency Department Expansion	313	19,600	10,809	8,791	
Logan, Caboolture and Ipswich Hospital Business Cases and Preparatory Work	Various	9,000	5,868	3,132	
Sunshine Coast University ⁴ Hospital	316	1,872,151	1,763,819	34,511	73,821
Townsville Hospital Expansion	318	334,000	328,506	5,494	

Capital Statement 2018-19

Queensland Health					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Townsville Hospital Adult Acute Mental Health Inpatient Unit	318	2,775		2,775	
University of Queensland Oral Health Centre at Herston	305	4,699	375	3,040	1,284
Project Finalisation	Various	1,901		1,901	
Other Acquisitions of Property, Plant and Equipment					
Building Works Capital Project Management	Various			850	Ongoing
Capital Program Land Acquisition	Various	2,000		2,000	
Children's Health Queensland Imaging Informatics Program	305	5,900		2,976	2,924
Finance System Replacement	Various	105,000	80,000	25,000	
Gold Coast Medical Imaging Informatics Solution	309	12,800	1,308	2,976	8,516
Health Technology Equipment Replacement Program	Various			61,397	Ongoing
Laboratory Information Systems	Various	60,905	13,876	22,581	24,448
Mareeba Hospital Computed Tomography (CT) Scanner	306	5,000		4,000	1,000
Queensland Health External Cladding Taskforce Project	Various	4,545	643	3,902	
Regional eHealth	Various	34,950	11,804	20,656	2,490
State-wide General Chemistry and Immunoassay Replacement and Automation Project	Various	16,511	8,941	7,570	
Townsville Hospital Magnetic Resonance Imaging (MRI) machine	318	4,700		2,350	2,350
Minor Capital Projects and ⁵ Acquisitions	Various			23,159	Ongoing
Project Finalisation - Other Acquisitions of Property, Plant and Equipment	Various	360		360	
Sub-total Other Acquisitions of Property, Plant and Equipment				179,777	
Information Communication and Technology					
Information Technology Equipment	Various			36,724	Ongoing
Information Communication and Technology	Various			127,449	Ongoing
Sub-total Information Communication and Technology				164,173	

Capital Statement 2018-19

Queensland Health					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Cairns and Hinterland					
Health Technology Equipment	306			3,698	Ongoing
Minor Capital Projects and Acquisitions	306			3,096	Ongoing
Sub-total Cairns and Hinterland				6,794	
Central Queensland					
Health Technology Equipment	308			2,500	Ongoing
Minor Capital Projects and Acquisitions	308			2,274	Ongoing
Sub-total Central Queensland				4,774	
Central West					
Health Technology Equipment	315			579	Ongoing
Minor Capital Projects and Acquisitions	315			510	Ongoing
Sub-total Central West				1,089	
Childrens Health Queensland					
Health Technology Equipment	305			2,198	Ongoing
Minor Capital Projects and Acquisitions	305			1,668	Ongoing
Sub-total Childrens Health Queensland				3,866	
Darling Downs					
Health Technology Equipment	307			3,210	Ongoing
Minor Capital Projects and Acquisitions	307			3,518	Ongoing
Toowoomba Magnetic Resonance Imaging (MRI) Facility	317	8,350	6,646	1,704	
Sub-total Darling Downs				8,432	
Gold Coast					
Health Technology Equipment	309			4,326	Ongoing
Minor Capital Projects and Acquisitions	309			3,543	Ongoing
Sub-total Gold Coast				7,869	

Capital Statement 2018-19					
Queensland Health					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Mackay					
Health Technology Equipment	312			1,284	Ongoing
Minor Capital Projects and Acquisitions	312			1,489	Ongoing
Clermont Monash Lodge	312	2,000	51	1,949	
Proserpine Simulation Laboratory	312	100		100	
Water Treatment	312	2,140	432	1,708	
Sub-total Mackay				6,530	
Metro North					
Health Technology Equipment	302			16,142	Ongoing
Minor Capital Projects and Acquisitions	302			14,364	Ongoing
Acute Bed Capacity at Redcliffe Hospital	313	8,136	7,560	576	
Information Communication Technology	302	67,333	48,333	19,000	
Step Up Step Down Facility - Nundah	302	5,024	4,799	225	
Royal Brisbane and Women's Hospital Nuclear Medicine Hot-Laboratory Expansion	305	6,110	1,984	3,662	464
Royal Brisbane and Women's Hospital Specialist and Ambulatory Care Centre	305	9,717	4,717	5,000	
Sub-total Metro North				58,969	
Metro South					
Health Technology Equipment	303			9,446	Ongoing
Minor Capital Projects and Acquisitions	303			3,859	Ongoing
Sub-total Metro South				13,305	
North West					
Health Technology Equipment	315			524	Ongoing
Minor Capital Projects and Acquisitions	315			869	Ongoing
Sub-total North West				1,393	

Capital Statement 2018-19

Queensland Health					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
South West					
Health Technology Equipment	315			880	Ongoing
Minor Capital Projects and Acquisitions	315			882	Ongoing
Sub-total South West				1,762	
Sunshine Coast					
Health Technology Equipment	316			3,176	Ongoing
Minor Capital Projects and Acquisitions	316			6,049	Ongoing
Sunshine Coast University Hospital Group 4 ICT Project	316	33,107	16,501	16,606	
Sub-total Sunshine Coast				25,831	
Torres and Cape					
Health Technology Equipment	315			783	Ongoing
Minor Capital Projects and Acquisitions	315			1,434	Ongoing
Capital Projects	315	936		936	
Sub-total Torres and Cape				3,153	
Townsville					
Health Technology Equipment	318			5,580	Ongoing
Minor Capital Projects and Acquisitions	318			4,763	Ongoing
Sub-total Townsville				10,343	
West Moreton					
Health Technology Equipment	310			1,717	Ongoing
Minor Capital Projects and Acquisitions	310			2,537	Ongoing
Sub-total West Moreton				4,254	
Wide Bay					
Health Technology Equipment	319			2,458	Ongoing
Minor Capital Projects and Acquisitions	319			2,125	Ongoing
Sub-total Wide Bay				4,583	
Queensland Ambulance Service					
Cairns Ambulance Station and Operations Centre Redevelopment	306	5,600	150	900	4,550

Capital Statement 2018-19

Queensland Health					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Drayton New Ambulance Station	317	4,600	20	1,200	3,380
Gold Coast Ambulance Operations Centre Redevelopment	309	6,200		200	6,000
Hervey Bay New Ambulance Station	319	4,600	10	300	4,290
Kirwan Replacement Ambulance Station	318	5,000	10	350	4,640
Mareeba Replacement Ambulance Station	306	1,800		400	1,400
Rockhampton Ambulance Station and Operations Centre Redevelopment	308	5,000	120	1,300	3,580
Yarrabilba New Ambulance Station	311	4,600		200	4,400
Minor Works	Various			5,500	Ongoing
Strategic Land Acquisitions	Various			1,500	Ongoing
Ambulance Vehicles	Various			15,107	Ongoing
Information Systems Development	Various			866	Ongoing
Operation Equipment	Various			4,700	Ongoing
Sub-total Queensland Ambulance Service				32,523	
Total Property, Plant and Equipment				977,022	
COUNCIL OF THE QUEENSLAND INSTITUTE OF MEDICAL RESEARCH					
Property, Plant and Equipment					
Other scientific equipment	305			8,457	Ongoing
Total Property, Plant and Equipment				8,457	
TOTAL QUEENSLAND HEALTH (PPE)				985,479	

Notes:

1. Total Estimated Cost may include both non-capital and capital components of project expenditure.
2. Total funding for the Building Better Hospitals package is \$679 million, including a \$5 million grant for the refurbishment of Cancer Council Queensland Lodges. Detailed Business Cases for the redevelopment of Logan Hospital, Caboolture Hospital and Ipswich Hospital are currently being developed by Building Queensland.
3. The \$2.8 million total estimated cost represents a State contribution of \$1.4 million with a further \$1.4 million provided by Far North Queensland Hospital Foundation.
4. The Sunshine Coast University Hospital opened in March 17 upon the completion of Stage 1. The remaining expenditure relates to ongoing works as part of Stages 2 and 3. The \$1.872 billion total estimated cost includes the Sunshine Coast Health Institute (SCHI) fit-out capital cost. Those elements of the total SCHI fit-out capital cost that relate to the proposed (non-Queensland Health) SCHI tenants will be funded directly via capital contributions from those tenants.
5. Amount is net of non capital component of project expenditure.

3.20 QUEENSLAND POLICE SERVICE

Queensland Police Service

Most new and ongoing capital initiatives to support the Queensland Police Service (QPS) operational capability are provided by the Public Safety Business Agency. This includes police facilities, motor vehicles, vessels and information and communication technology.

The QPS continues to be responsible for delivering operational equipment to maintain quality frontline services. In 2018-19, the QPS will invest \$20.1 million in capital purchases.

Program Highlights (Property, Plant and Equipment)

- \$5.5 million for Camera Detected Offence Program equipment.
- \$3.9 million for mobile capability and to develop new applications for QPS QLiTE mobile tablet devices.
- \$10.7 million for other plant and equipment, including to replace operational assets.

Queensland Police Service					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
QUEENSLAND POLICE SERVICE					
Property, Plant and Equipment					
Camera Detected Offence Program	Various			5,482	Ongoing
Mobile capability	Various			3,920	Ongoing
Other plant and equipment	Various			10,722	Ongoing
Total Property, Plant and Equipment				20,124	
TOTAL QUEENSLAND POLICE SERVICE (PPE)				20,124	

3.21 QUEENSLAND TREASURY

Queensland Treasury

Queensland Treasury’s capital purchases for 2018-19 will be \$6.1 million. Total capital grants for the department are \$139.7 million.

Program Highlights (Property, Plant and Equipment)

- \$5.7 million to implement the Office of State Revenue Transformation Program. This will enable the delivery of an upgraded informaton and communication technology platform and support improved revenue management services into the future.
- \$400,000 to implement the Financial Assurance Framework reforms. This will enable delivery of an informaton and communication technology system to support the operation of the Financial Provisioning Scheme.

Program Highlights (Capital Grants)

- \$139.7 million through the Queensland First Home Owners’ Grant to assist first home buyers to enter the housing market.

Cross River Rail Delivery Authority

In 2018-19, the Cross River Rail Delivery Authority has budgeted capital expenditure totalling \$733 million to continue to progress the planning, procurement, and development associated with the Cross River Rail project.

Queensland Treasury					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
QUEENSLAND TREASURY					
Property, Plant and Equipment					
Office of State Revenue Transformation Program	305	17,739	11,453	5,725	561
Financial Assurance Framework Reform	305	1,500	1,100	400	
Total Property, Plant and Equipment				6,125	
Capital Grants					
Queensland First Home Owners’ Grant	Various			139,725	Ongoing
Total Capital Grants				139,725	

Capital Statement 2018-19					
Project	Queensland Treasury		Total Estimated Cost	Expenditure to 30-06-18	Post 2018-19
	Statistical Area		\$'000	\$'000	\$'000
CROSS RIVER RAIL DELIVERY AUTHORITY					
Property, Plant and Equipment					
Cross River Rail	305		5,409,000	132,869	4,543,131
Total Property, Plant and Equipment				733,000	
TOTAL QUEENSLAND TREASURY (PPE)				739,125	
TOTAL QUEENSLAND TREASURY (CG)				139,725	

3.22 STATE DEVELOPMENT, MANUFACTURING, INFRASTRUCTURE AND PLANNING

In 2018-19, the State Development, Manufacturing, Infrastructure and Planning portfolio, including Economic Development Queensland, South Bank Corporation and the Queensland Reconstruction Authority, has capital purchases of \$232.9 million and capital grants of \$487.3 million.

Department of State Development, Manufacturing, Infrastructure and Planning

The Department of State Development, Manufacturing, Infrastructure and Planning has capital purchases of \$135.5 million and capital grants of \$106 million in 2018-19 to support economic development in Queensland.

Program Highlights (Property, Plant and Equipment)

- \$120 million to develop the North Queensland Stadium.

Program Highlights (Capital Grants)

- \$79 million through the Building our Regions program to fund critical infrastructure in regional areas.
- \$25.4 million through the Royalties for the Regions program to support regional communities.

Economic Development Queensland

In 2018-19, Economic Development Queensland has capital purchases of \$73.2 million.

Program Highlights (Property, Plant and Equipment)

- \$16 million for the Yeerongpilly Green Transit Oriented Development.
- \$16 million for the urban renewal development at Northshore Hamilton.
- \$13.4 million for the Carseldine Urban Village development.
- \$4.6 million for the Willowbank Industrial Development.
- \$6.3 million for The Village Townsville residential development in the Oonoonba Priority Development Area.
- \$5 million for the proposed Cairns Regional Industrial Estate development.
- \$3.5 million for the Salisbury Plains Industrial Precinct.

South Bank Corporation

In 2018-19, South Bank Corporation has capital works totalling \$24.1 million to maintain and enhance the South Bank Parklands, the Corporation’s commercial assets and the Brisbane Convention and Exhibition Centre.

Queensland Reconstruction Authority

In 2018-19, the Queensland Reconstruction Authority has capital grants of \$381.3 million.

Program Highlights (Capital Grants)

- \$339 million for Natural Disaster Relief and Recovery Arrangements (NDRRA), will be paid to Local Government Authorities for reconstruction, betterment and other projects relating to natural disaster events between 2016 and 2018. Up to 75% is funded by the Australian Government with the remainder funded by the Queensland Government.
- \$13.2 million for the Natural Disaster Resilience Program 2017-18 to support the resilience of Queensland communities to natural disasters, funded jointly by the Australian Government and Queensland Government.
- \$9.5 million for the Disaster Resilience Fund, a State-funded program delivering \$38 million over four years to support delivery of disaster-mitigation projects and initiatives that build resilience to natural disasters.
- \$12.4 million to fix damage around Mackay after Severe Tropical Cyclone Debbie. This includes \$8.9 million to revitalise Bluewater Trail and Queens Park and \$3.6 million (\$4.6 million over two years) for beach restoration and mitigation.
- \$4.5 million (\$5 million over two years) to Whitsunday Regional Council to reconstruct the council administration building, including the local disaster coordination centre.

State Development, Manufacturing, Infrastructure and Planning					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
DEPARTMENT OF STATE DEVELOPMENT, MANUFACTURING, INFRASTRUCTURE AND PLANNING					
Property, Plant and Equipment					
Other Plant and Equipment	Various			50	Ongoing
North Queensland Stadium	318	248,900	46,091	120,000	82,809
Gladstone State Development Area	308	65,653	63,073	2,580	
Grants Management System	Various	1,702	1,120	582	
State Development Area (SDA) Acquisitions	318	12,329		12,329	
Total Property, Plant and Equipment				135,541	
Capital Grants					
Building our Regions	Various	284,906	115,591	78,959	90,356
Royalties for the Regions	Various	89,144	61,735	25,409	2,000
Roma Street Parklands	305			1,681	Ongoing
Total Capital Grants				106,049	
ECONOMIC DEVELOPMENT QUEENSLAND					
Property, Plant and Equipment					
Willowbank Industrial Development	310	73,719	16,729	4,590	52,400
The Village Townsville	318	135,219	87,387	6,296	41,536
Northshore Hamilton	302	327,169	47,846	15,992	263,331
Yeerongpilly Green Transit Oriented Development	303	71,426	32,220	15,984	23,222
Carseldine Urban Village	302	32,477	7,203	13,387	11,887
Townsville Regional Industrial Estate	318	7,075	4,175	300	2,600
Salisbury Plains Industrial Precinct	312	6,567	1,817	3,500	1,250
Sunshine Coast Industrial Precinct - Stage 2	316	15,750		250	15,500
Cairns Regional Industrial Estate	306	10,000		5,000	5,000
Mackay Regional Industrial Estate	312	6,300		3,000	3,300
Clinton Industrial Development	308	11,262	512	500	10,250
Mica Creek Services	315	600	400	200	
Gladstone State Development Area	308	14,658	6,458	1,150	7,050
Gold Coast Health and Knowledge Precinct	309	29,413	17,973	3,032	8,408
Total Property, Plant and Equipment				73,181	

State Development, Manufacturing, Infrastructure and Planning					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
SOUTH BANK CORPORATION					
Property, Plant and Equipment					
Parklands Enhancement and replacement	305			6,182	Ongoing
Brisbane Convention and Exhibition Centre	305			4,854	Ongoing
Investment Properties - Other Ehancements and replacements	305			1,380	Ongoing
Vulnerability	305	1,000		1,000	
Riverside Open Space	305	15,680	5,380	10,300	
Car Park upgrades and replacement	305	415		415	
Total Property, Plant and Equipment				24,131	
QUEENSLAND RECONSTRUCTION AUTHORITY					
Capital Grants					
Airlie Beach Foreshore Revitalisation Project	312	2,657		2,657	
Mackay Bluewater Trail and Queens Park Revitalisation	312	8,864		8,864	
Disaster Resilience Fund	Various	38,000		9,500	28,500
Whitsunday Regional Council admin building	312	5,000		4,500	500
Mackay Beach restoration and mitigation	312	4,562		3,562	1,000
Natural Disaster Relief & Recovery Arrangements (Local Government Authorities)	Various	1,013,177	395,903	338,955	278,319
Natural Disaster Resilience Program (joint funded with the Australian Government)	Various	13,214		13,214	
Total Capital Grants				381,252	
TOTAL STATE DEVELOPMENT, MANUFACTURING, INFRASTRUCTURE AND PLANNING (PPE)				232,853	
TOTAL STATE DEVELOPMENT, MANUFACTURING, INFRASTRUCTURE AND PLANNING (CG)				487,301	

3.23 **TRANSPORT AND MAIN ROADS**

In 2018-19, the total capital program for the Transport and Main Roads portfolio is \$4.217 billion, including capital grants of \$239.3 million. The portfolio includes the Department of Transport and Main Roads, Queensland Rail, Far North Queensland Ports Corporation Limited, Gladstone Ports Corporation Limited, North Queensland Bulk Ports Corporation Limited, Port of Townsville Limited, RoadTek and the Gold Coast Waterways Authority.

Department of Transport and Main Roads

In 2018-19, the capital program totals \$3.425 billion towards infrastructure investment across the State. The Queensland Government is committed to delivering an integrated, safe and efficient transport system that connects regional Queenslanders and other communities throughout the State.

Program Highlights (Property, Plant and Equipment)

- \$534.3 million to continue the Toowoomba Second Range Crossing project, a bypass route to the north of Toowoomba, approximately 41 kilometres in length, running from the Warrego Highway at Helidon to the Gore Highway at Athol, via Charlton, at a total cost of \$1.606 billion, in partnership with the Australian Government.
- \$472.3 million to continue delivery of 75 new six car sets and services over a 32-year period for the New Generation Rollingstock to meet the growing demand for rail services in South East Queensland.
- \$200 million to duplicate the Bruce Highway from four to six lanes, Caloundra Road to the Sunshine Motorway, at a total estimated cost of \$812.9 million, in partnership with the Australian Government.
- \$115 million to construct the Mackay Ring Road (Stage 1), at a total estimated cost of \$497.4 million, in partnership with the Australian Government.
- \$89.2 million for the new statewide public transport ticketing system.
- \$70 million to construct additional lanes on the Pacific Motorway between Mudgeeraba and Varsity Lakes, in partnership with the Australian Government.
- \$68 million to provide a three kilometre upgrade of the Ipswich Motorway between Granard Road, Rocklea and Oxley Road, Oxley at a total cost of \$400 million, in partnership with the Australian Government.
- \$50 million to upgrade the Pacific Motorway/Gateway Motorway Merge, in partnership with the Australian Government.

- \$45 million to widen the Gateway Motorway North to six lanes, at a total cost of \$1.143 billion, in partnership with the Australian Government.
- \$44.1 million to widen the seal and to apply wide centre line treatment at various locations on the Warrego Highway between Dalby and Miles, at a total cost of \$63.6 million.
- \$40 million to duplicate from two to four lanes on the section of the Bruce Highway (Rockhampton Northern Access) between Rockhampton-Yeppoon Road intersection and Terranova Drive, north of Rockhampton, at a total cost of \$121 million, in partnership with the Australian Government.
- \$37.7 million to construct bridges and approaches on the Bruce Highway (Haughton River Floodplain) south of Giru between Horseshoe Lagoon and Palm Creek, at a total cost of \$514.3 million, in partnership with the Australian Government.
- \$28.3 million to widen from four to six lanes on the section of the Bruce Highway (Cairns Southern Access Corridor Stage 4) from Kate Street to Aumuller Street near the Port of Cairns and wharf precinct, at a total cost of \$104.1 million, in partnership with the Australian Government.
- \$27 million to realign the Peak Downs Highway at Eton Range, at a total cost of \$189.3 million, in partnership with the Australian Government.
- \$24.2 million to undertake restoration works on the Marlborough - Sarina Road at Sarina Range in response to the impacts of Severe Tropical Cyclone Debbie, at a total cost of \$49.2 million
- \$17.5 million to construct Smithfield Bypass between the Captain Cook Highway at Yorkeys Knob Road Roundabout and McGregor Road Roundabout at a total cost of \$152 million.
- \$17.3 million to extend the three-metre wide V1 cycleway from Birdwood Road, Holland Park to Gaza Road, Tarragindi, at a total cost of \$45 million.
- \$17 million to upgrade approximately nine kilometres of the Pacific Motorway between Eight Mile Plains and Daisy Hill to reduce congestion and travel times, in partnership with the Australian Government.
- \$15.2 million to duplicate from two to four lanes on the Bruce Highway (Cairns Southern Access Corridor Stage 3) from Collinson Creek in Edmonton as far as the vicinity of Wrights Creek near Gordonvale, at a total cost of \$481 million, in partnership with the Australian Government.

- \$14.4 million out of the Queensland Government’s contribution of \$160.8 million towards the Beerburrum to Nambour rail duplication project to address the infrastructure and capacity constraints on this section of the North Coast Line. Detailed design will commence in 2018-19, with construction to be delivered in stages based on further negotiations with the Australian Government. The Australian Government has provided an initial \$390 million over five years towards this measure.
- \$13 million to seal sections of the Kennedy Developmental Road between Hughenden and The Lynd (Hann Highway), at a total cost of \$50 million, in partnership with the Australian Government.
- \$10.9 million to duplicate from two to four lanes on a section of the Capricorn Highway between Rockhampton and Gracemere, at a total cost of \$75 million, in partnership with the Australian Government.

Program Highlights (Capital Grants)

- \$70 million of infrastructure development grants to local governments including Aboriginal and Torres Strait Islander community assistance.
- \$20.2 million to develop the cycle network throughout Queensland.
- \$18 million for the Queensland School Bus Upgrade Scheme to provide funding to eligible school bus operators to assist with the purchase of new buses or buses that are less than five years old.
- \$2 million towards school transport-related infrastructure upgrades, including vehicle turnaround or parking facilities and stop, drop and go areas. The Queensland Government has committed \$20 million over four years to this program.

Gold Coast Waterways Authority

In 2018-19, the Gold Coast Waterways Authority has allocated \$8 million to improve management of, and provide better access to, the Gold Coast waterways, canals and rivers.

Program Highlights (Property, Plant and Equipment)

- \$4.9 million to improve access and safety by dredging navigation channels and to improve accessibility and quality of waterways information.
- \$2.7 million to provide infrastructure and assets such as ongoing improvements to Doug Jennings Park facilities, upgrading the Sand Bypass Jetty Deck and implementing an innovative renewable energy solution at the Gold Coast Seaway Sand Bypass System.
- \$380,000 to provide boating infrastructure such as boat ramp and pontoon upgrades.

Queensland Rail Limited

In 2018-19, \$587.5 million is allocated towards capital purchases for Queensland Rail.

Program Highlights (Property, Plant and Equipment)

\$188.4 million is provided towards projects that will grow or enhance the Queensland Rail network including:

- \$43.3 million to upgrade (or improve) station accessibility at various train stations including Strathpine, Boondall, Morayfield, Southbank, Dakabin, Cannon Hill, Buranda, Fairfield, Albion, East Ipswich and Loganlea stations.
- \$35.4 million to implement the European Train Control System – Inner City.
- \$35.3 million to continue investment to support the delivery of the New Generation Rollingstock into service.
- \$21.9 million to upgrade the capacity of the North Coast Rail Line to increase productivity and efficiency of freight transport.
- \$14.7 million to revitalise and modernise Brisbane’s Central Station to improve the customer experience and cater for future growth.
- \$12.4 million to upgrade park and ride facilities at Salisbury, Darra, Lawnton, Lindum, Geebung, Virginia and Springfield Central train stations.
- \$9.5 million to continue track and tunnel upgrades between Brisbane and Toowoomba to cater for growing demand.
- \$4.1 million to upgrade 1.9 kilometres of rail track on the Yeppoon Rail Line.

\$399.1 million to replace, renew and upgrade rail infrastructure, rollingstock, buildings, facilities, and other supporting assets including:

- \$237.4 million to invest in the network including track infrastructure, civil structures, signalling and other network assets.
- \$88.8 million to invest in rail operations including rollingstock overhauls, operational facilities, and other rail operations assets.
- \$53.3 million for business enabling investment on corporate, property and ICT works across Queensland.
- \$19.6 million to improve customer experience, maintain service continuity and build network resilience on the Townsville – Mount Isa Rail Line.

Far North Queensland Ports Corporation Limited

In 2018-19, Far North Queensland Ports Corporation Limited has allocated \$7.5 million to undertake new and continue existing development of its ports in Far North Queensland.

Program Highlights (Property, Plant and Equipment)

- \$2 million to continue the development of the Tingira Street Precinct in Cairns, at a total cost of \$17.9 million.

Gladstone Ports Corporation Limited

In 2018-19, Gladstone Ports Corporation Limited has allocated \$83.5 million to continue development of the Port of Gladstone, and additional works at the Port of Bundaberg and the Port of Rockhampton.

Program Highlights (Property, Plant and Equipment)

- \$35.6 million to continue upgrades at the RG Tanna Coal Terminal at the Port of Gladstone, at a total cost of \$220.3 million.
- \$3.5 million to commence land reclamation and drainage works at Fisherman’s Landing, at a total cost of \$32 million.
- \$2.8 million to commence road infrastructure and concrete remediation works at Barney Point, at a total cost of \$12.3 million.

North Queensland Bulk Ports Corporation Limited

In 2018-19, North Queensland Bulk Ports Corporation Limited has allocated \$15.1 million to continue port planning and development initiatives to meet industry requirements for export facilities.

Program Highlights (Property, Plant and Equipment)

- \$5.9 million to relocate Mackay Tug Berth Facilities to provide a permanent fit-for-purpose berthing facility which is fully designed for the safe berthing of the tugs currently in operation and which can suit the potential future larger tug fleet, at a total cost of \$6.5 million.

Port of Townsville Limited

In 2018-19, Port of Townsville Limited has allocated \$75.1 million to continue development at the Port of Townsville, and additional works at the Port of Lucinda.

Program Highlights (Property, Plant and Equipment)

- \$44.3 million to continue preparatory and initial works to widen the shipping channels for access by larger vessels, at a total cost of \$193.5 million. This is Stage 1 of the Townsville Port Expansion Project.

- \$18.6 million to commence acquisition of Berth 4 cranes and development of associated cargo terminal areas to cater for future trade growth, at a total cost of \$27.3 million.

Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
DEPARTMENT OF TRANSPORT AND MAIN ROADS					
Property, Plant and Equipment					
Central West District					
Landsborough Highway ¹ (Longreach - Winton), Dingo Creek - Darr River, pavement strengthening and widening	315	24,980	2,100	6,350	16,530
Clermont - Alpha Road, pave and ² seal	315	8,710	2,050	5,970	690
Diamantina Developmental Road ² (Boulia - Dajarra), pavement rehabilitation and widening	315	5,030	250	4,200	580
Richmond - Winton Road, pave ² and seal	315	4,700	340	3,940	420
Landsborough Highway ³ (Augathella - Kynuna), pavement strengthening and widening	315	2,280	150	2,130	
Other Central West Construction	315	32,453		32,453	
Sub-total Central West District				55,043	
Darling Downs District					
Toowoomba Second Range ⁴ Crossing	317	1,606,250	650,068	534,290	421,892
Warrego Highway (Dalby - Miles), ⁵ widening and apply wide centre line treatment	307	63,640	1,053	44,138	18,449
Warrego Highway (Dalby - Miles), ⁵ Overtaking Lanes	307	35,000	7,812	20,188	7,000
Warrego Highway, Oakey - Miles, ⁵ Safety Upgrade	307	40,000	15,514	19,786	4,700
Warrego Highway, Chinchilla Rail ⁵ Crossing Upgrade	307	16,000	1,521	14,479	

Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Warrego Highway, Dalby Eastern ⁵ Access Upgrade	307	56,000	35,227	12,890	7,883
Warrego Highway, Condamine ⁵ Street - Watt Street, Dalby Western Access Upgrade (Stage 1)	307	59,000	38,410	8,429	12,161
Warrego Highway, Drillham - ⁵ Jackson Widening Upgrade	307	11,000	3,149	7,251	600
New England Highway Cycleway, Bridge street, Toowoomba CBD - Ruthven street, Highfields, construct cycleway	317	7,500	500	7,000	
Warrego Highway, Miles Western ⁵ Access Upgrade	307	10,743	3,060	5,307	2,376
Other Darling Downs Construction	307	17,978		17,978	
Sub-total Darling Downs District				691,736	
Far North District					
Bruce Highway (Innisfail - Cairns), Cairns Southern Access Corridor Stage 4, Kate Street to Aumuller Street, widen four to six lanes	306	104,070	6,378	28,286	69,406
Smithfield Bypass, construct ⁶ bypass to a sealed standard	306	152,000	5,352	17,500	129,148
Bruce Highway (Innisfail - Cairns), Cairns Southern Access Corridor - Stage 3, Edmonton to Gordonvale, duplicate two to four lanes	306	481,000	6,082	15,150	459,768
Peninsula Developmental Road ⁷ (Coen - Weipa), Stage 2, Telecom Tower to Archer River, pave and seal	315	11,400	1,593	9,807	
Peninsula Developmental Road ⁷ (Coen - Weipa), Stage 2, Piccaninny Black Soil, pave and seal	315	8,906	2,048	6,858	
Peninsula Developmental Road ⁷ (Laura - Coen), Stage 2, South of Duck Holes Creek, pave and seal	315	10,540	4,219	6,321	

Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Peninsula Developmental Road ⁷ (Laura - Coen), Stage 2, 10 Mile Creek, pave and seal	315	6,730	4,112	2,618	
Cape York Region Package, other ⁷ works	315	172,651	168,060	4,436	155
Burke Developmental Road ² (Normanton - Dimbulah), pavement widening	315	7,460	2,176	5,284	
Captain Cook Highway (Cairns - Mossman), widen pavement	306	22,807	527	4,008	18,272
Bruce Highway (Innisfail - Cairns), Innisfail, upgrade Ash and Pine Street Intersections	306	6,108	98	3,556	2,454
Bruce Highway (Innisfail - Cairns), northbound overtaking lane	306	4,865	920	2,000	1,945
Other Far North Construction	306	55,763		55,763	
Sub-total Far North District				161,587	
Fitzroy District					
Bruce Highway (Rockhampton - St Lawrence), Rockhampton Northern Access Upgrade, Stage 1	308	121,000	17,300	40,000	63,700
Capricorn Highway duplication ¹ (Rockhampton - Gracemere)	308	74,990	500	10,900	63,590
Capricorn Highway (Rockhampton - Emerald), Gracemere - Emerald, overtaking lanes	308	19,000		10,000	9,000
Bruce Highway (Benaraby - Rockhampton), Benaraby to Calliope River, Safety Works	308	36,610	1,750	9,585	25,275
Rockhampton Road Train Access ^{2,8} (Stage 1)	308	30,000	10,000	9,000	11,000
Bajool - Port Alma Road, ¹ pavement widening and safety upgrades	308	14,500	2,000	8,750	3,750
Bruce Highway (Gin Gin - Benaraby), Bororen to Rodds Bay Road, Safety Works	308	14,290	1,018	8,529	4,743
Capricorn Highway, Valentine ⁹ Creek Bridge Replacement	308	8,299	438	7,661	200

Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Gladstone - Benaraby Road, various safety treatments	308	20,400	1,500	7,500	11,400
Bruce Highway (Gin Gin - Benaraby), north of Granite Creek southbound, construct overtaking lane	308	6,703	489	5,403	811
Bruce Highway (Gin Gin - Benaraby), Daisy Dell southbound, construct overtaking lane	308	4,358	740	3,308	310
Other Fitzroy Construction	308	58,487		58,487	
Sub-total Fitzroy District				179,123	
Mackay Whitsunday District					
Mackay Ring Road, construct new two lane road	312	497,375	104,105	115,000	278,270
Peak Downs Highway, Eton Range Realignment	312	189,264	78,382	27,000	83,882
Marlborough - Sarina Road, Sarina Range, Natural Disaster Relief and Recovery Arrangements Restoration, remediate batter slopes	312	49,157	9,660	24,241	15,256
Peak Downs Highway (Clermont - ¹ Nebo), Wuthung Road to Caval Ridge, pavement widening and strengthening	312	35,000	258	4,000	30,742
Bowen Developmental Road ¹ (Collinsville - Belyando Crossing), Rockingham Creek to Mount Coolon, pave and seal;	312	28,750	239	4,000	24,511
Mackay - Slade Point Road, Vines Creek Bridges Replacement	312	28,046	15,851	3,800	8,395
Bruce Highway (St Lawrence - Mackay), Sarina Northern Access, construct roundabout	312	14,363	1,990	2,000	10,373
Other Mackay Whitsunday Construction	312	50,658		50,658	
Sub-total Mackay Whitsunday District				230,699	

Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Metropolitan District					
Ipswich Motorway, Rocklea to ⁸ Darra (Stage 1), upgrade	310	400,000	72,071	68,000	259,929
Gateway Motorway North, upgrade to six lanes	302	1,142,727	776,464	45,000	321,263
New Generation Rollingstock ⁴	310	4,155,705	667,706	472,323	3,015,676
Veloway 1 (V1), Stage E, Birdwood Road to Gaza Road, construct cycleway	303	45,000	604	17,307	27,089
Centenary Motorway, Sumners ⁶ Road Interchange Upgrade	304	65,000	2,550	14,934	47,516
North Brisbane Bikeway, Stages 2, 3 and 4, Somerset Street to Rigby Street and Rigby Street to Price Street, design and construct cycle facilities	305	17,180	4,145	5,740	7,295
Eight Mile Plains Bus Station Park ‘n’ Ride Upgrade	303	4,500	350	2,350	1,800
Other Metropolitan Construction	Various	66,410		66,410	
Sub-total Metropolitan District				692,064	
Northern District					
Bruce Highway (Ayr - Townsville), Haughton River Floodplain, construct bridges and approaches	318	514,335	17,749	37,670	458,916
Garbutt - Upper Ross Road, ⁸ Riverway Drive, duplication	318	43,756	23,184	14,881	5,691
Gregory Developmental Road, ³ Charters Towers to The Lynd, widening	318	42,280	13,505	14,785	13,990
Flinders Highway (Townsville - ¹ Charters Towers), pavement strengthening and rehabilitation (Package 1)	318	17,000	1,839	8,030	7,131
Townsville Connection Road, ⁹ Bowen Road Bridge, construct	318	6,663		6,663	
Bruce Highway (Townsville - Ingham), Hechts Road to Yuruga Road, pavement widening	318	9,170	361	6,439	2,370

Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Bruce Highway (Townsville - Ingham), Cattle Creek and Frances Creek, upgrade bridges	318	118,900	67,207	6,433	45,260
Bruce Highway (Townsville - Ingham), Deep Creek - Bluewater Creek, pavement widening	318	7,500	1,279	4,359	1,862
Gregory Developmental Road, ² Sardine Creek to Boomerang Creek, widen and seal	318	5,790	880	3,808	1,102
Other Northern Construction	318	33,314		33,314	
Sub-total Northern District				136,382	
North Coast District					
Bruce Highway, Caloundra Road to Sunshine Motorway	316	812,948	280,652	200,000	332,296
Bruce Highway safety barrier installation	Various	79,790	13,450	42,503	23,837
North Coast Line - Beerburrum to ¹⁰ Nambour Rail Upgrade	316	550,791		14,407	536,384
Burpengary - Caboolture Road and Beerburrum Road, improve intersections	313	28,800	700	8,000	20,100
Kawana Way (Sunshine Motorway ⁸ - Nicklin Way), Sunshine Coast University Hospital, roundabout upgrades	316	22,000	15,997	4,803	1,200
Caboolture Connection Road, upgrade signals and intersection improvements	313	7,555	1,053	3,669	2,833
Mount Glorious Road and Samford - Mount Glorious Road, improve intersections	314	11,300	200	2,500	8,600
Brisbane - Woodford Road, Dixon Street, improve intersection	314	3,000	726	2,274	
Other North Coast Construction	316	120,887		120,887	
Sub-total North Coast District				399,043	

Capital Statement 2018-19					
Project	Transport and Main Roads				
	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
North West District					
Kennedy Developmental Road ¹ (Hann Highway), The Lynd - Hughenden, sealing	315	50,000	18,000	13,000	19,000
Wills Developmental Road (Julia ⁹ Creek - Burketown), Beames Brook Bridge, new two lane concrete bridge	315	5,977	1,190	4,787	
Barkly Highway (Cloncurry - Mount ¹ Isa), intersection upgrades	315	6,200	430	4,000	1,770
Flinders Highway (Charters ¹ Towers - Hughenden), culvert upgrades	315	14,408	6,335	3,252	4,821
Cloncurry - Dajarra Road, sealing ²	315	3,220	50	2,880	290
Other North West Construction	315	22,422		22,422	
Sub-total North West District				50,341	
South Coast District					
Pacific Motorway (Mudgeeraba - ^{8,11} Varsity Lakes) extra lanes	309	197,500	31,456	70,000	96,044
Pacific Motorway (Rosedale ^{8,12} South), Miles Platting Road to Rosedale Road (Gateway Merge)	311	190,000	23,147	50,000	116,853
Pacific Motorway, Eight Mile Plains ¹³ to Daisy Hill	311	749,000		17,000	732,000
Pacific Motorway, Varsity Lakes ^{6,13} to Tugun	309	1,030,000		5,000	1,025,000
Mount Lindesay Highway (Brisbane - Beaudesert), Greenbank Road, North Maclean, improve intersection	311	20,000	4,000	16,000	
Gold Coast - Springbrook Road, Natural Disaster Relief and Recovery Arrangements, remediate batter slopes	309	21,149	7,265	13,884	
Waterford - Tamborine Road ¹⁴ (Logan Village), upgrade between Anzac Avenue to Hotz Road	311	39,500	26,165	13,335	

Capital Statement 2018-19

Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Lamington National Park Road, Natural Disaster Relief and Recovery Arrangements Restoration, rehabilitate pavement	309	15,490	7,136	8,354	
Nerang - Murwillumbah Road, Natural Disaster Relief and Recovery Arrangements Restoration, remediate batter slopes	309	10,267	2,000	5,898	2,369
Greenbank Bus Park 'n' Ride Upgrade	311	21,000	50	4,250	16,700
Beechmont Road, Natural Disaster Relief and Recovery Arrangements Restoration, remediate batter slopes	309	5,745	1,804	3,941	
Beaunesert - Beenleigh Road, installation of safety treatments	311	5,880	2,170	3,710	
Other South Coast Construction	309	56,344		56,344	
Sub-total South Coast District				267,716	
South West District					
Carnarvon Highway, St George - ¹⁵ Surat, pavement widening	307	16,500	7,848	8,652	
Other South West Construction	315	26,617		26,617	
Sub-total South West District				35,269	
State Wide District					
Transport Corridor Acquisition Fund	Various			40,000	Ongoing
Maritime Safety Minor Works	Various			6,823	Ongoing
Western Roads Upgrade Supplement	Various	5,000		5,000	
Additional Electric Charging ⁶ Stations Program	Various	2,500		200	2,300
Other Statewide Construction	Various	6,582		6,582	
Sub-total State Wide District				58,605	

Capital Statement 2018-19					
Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Wide Bay Burnett District					
Bruce Highway Intersection Upgrades (Fleming Road to Fishermans Pocket Road, Chatsworth)	319	12,000	750	9,000	2,250
Pialba-Burrum Heads Road and Scrub Hill Road and Wide Bay Drive, intersection signalisation	319	26,000	10,300	8,700	7,000
Bruce Highway (Gympie - Maryborough), construct overtaking lanes	319	13,320	615	5,685	7,020
Bruce Highway (Gin Gin - Benaraby), Gin Gin, widening and intersection upgrades	319	8,230	150	4,200	3,880
Bruce Highway (Maryborough - Gin Gin), Hebbards Road - North South Road, Apple Tree Creek, widening and rehabilitation	319	15,454	9,365	3,500	2,589
Bruce Highway (Maryborough - Gin Gin), construct overtaking lanes	319	4,037	200	3,407	430
Burnett Highway (Gayndah - ⁹ Monto), Eidsvold, Three Moon Creek, timber bridge replacement	319	15,575	209	3,125	12,241
Bruce Highway, (Gin Gin - Benaraby), Carman Road - Langbeckers Nurseries, widen and overlay	319	8,563	2,820	2,828	2,915
Miva Road, Dickabram Rail Bridge Rehabilitation	319	8,000	3,720	1,780	2,500
Other Wide Bay Burnett Construction	319	58,215		58,215	
Sub-total Wide Bay Burnett District				100,440	

Capital Statement 2018-19					
Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Other Property, Plant and Equipment					
Corporate Buildings	Various			4,000	Ongoing
Information Technology	Various			23,223	Ongoing
Plant and Equipment	Various			11,354	Ongoing
New Public Transport Ticketing System	Various	371,060		89,198	281,862
Sub-total Other Property, Plant and Equipment				127,775	
Total Property, Plant and Equipment				3,185,823	
Capital Grants					
Transport Infrastructure Development Scheme	Various			70,000	Ongoing
Bridges Renewal Program ⁹	Various	71,247	38,277	22,440	10,530
Cycle Program	Various			20,233	Ongoing
Cape York Region Package ⁷	315	50,344	31,298	19,046	
Queensland School Bus Upgrade	Various			17,988	Ongoing
Strategic Off-Network - Road Projects	Various	63,201	34,527	13,020	15,654
Black Spot Program	Various			12,178	Ongoing
Passenger Transport Facilities Program	Various	92,443	34,693	7,857	49,893
Pasha Road (Moranbah), pave and seal sections	312	16,000		6,000	10,000
School Transport Infrastructure Program	Various	20,000		2,000	18,000
Regional Roads Infrastructure Package	Various	8,302	2,148	1,145	5,009
Transport and Tourism Connections	315	10,000	5,689	200	4,111
Other Capital Grants	Various	47,231		47,231	
Total Capital Grants				239,338	
GOLD COAST WATERWAYS AUTHORITY					
Property, Plant and Equipment					
Navigation Access and Safety	309	12,255	2,010	4,880	5,365
Boating Infrastructure Program	309	2,922	292	380	2,250
Plant, Equipment and Minor Works	309	10,180	2,615	2,730	4,835
Total Property, Plant and Equipment				7,990	

Capital Statement 2018-19					
Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
ROADTEK					
Property, Plant and Equipment					
Hire Plant	Various			15,000	Ongoing
Total Property, Plant and Equipment				15,000	
QUEENSLAND RAIL LIMITED					
Property, Plant and Equipment					
Growth					
European Train Control System Level 2 - Inner City Works	305	634,380	26,462	35,429	572,489
New Generation Rollingstock - Power Distribution	Various	49,076	15,548	26,648	6,880
New Generation Rollingstock - Station Compatibility	Various	16,427	13,047	3,380	
New Generation Rollingstock - Business Systems	305	41,820	39,210	2,610	
Other New Generation Rollingstock - Operational Readiness Projects	Various	2,674		2,674	
North Coast Line Capacity Improvement Project (Passing Loops)	Various	82,734	5,514	21,886	55,334
Toowoomba Range Capacity and Clearance Upgrades	317	47,460	37,914	9,546	
Yeppoon Rail Line Upgrade	308	4,100		4,100	
Other Rail Projects ¹⁶	Various			11,798	Ongoing
Central Train Station Renewal	305	51,822	4,434	7,491	39,897
Other Central Train Station Upgrades	305	14,032		7,168	6,864
Strathpine and Boondall Train Station Upgrades	Various	48,065	5,170	17,622	25,273
Morayfield Train Station Upgrade	313	22,311	2,074	8,976	11,261
Southbank Train Station Upgrade	305	10,042	1,882	8,160	
Dakabin Train Station Upgrade	314	39,000	120	2,953	35,927
Cannon Hill Train Station Upgrade	303	18,000	30	1,540	16,430
Buranda Train Station Upgrade	303	25,000	70	1,230	23,700
Fairfield Train Station Upgrade	303	16,000		400	15,600

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Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Albion Train Station Upgrade	305	16,000	45	395	15,560
East Ipswich Train Station Upgrade	310	17,500		50	17,450
Loganlea Train Station Upgrade	311	19,000		30	18,970
Other Train Station Upgrades	Various			1,919	Ongoing
Salisbury Train Station Park 'n' Ride ¹⁷	303	14,500	50	4,050	10,400
Darra Train Station Park 'n' Ride ¹⁷	310	8,770	50	3,000	5,720
Lawnton Train Station Park 'n' Ride ¹⁷	314	10,400	3,200	1,912	5,288
Lindum Train Station Park 'n' Ride ¹⁷	301	5,000	100	1,338	3,562
Geebung Train Station Park 'n' Ride ¹⁷	302	3,100	100	862	2,138
Virginia Train Station Park 'n' Ride ¹⁷	302	2,300	100	663	1,537
Springfield Central Train Station ¹⁷ Park 'n' Ride	310	44,500		550	43,950
Sub-total Growth				188,380	
Network					
Below Rail Operational ¹⁸ Performance	Various			212,913	Ongoing
Below Rail Cost Optimisation ¹⁸	Various			24,465	Ongoing
Townsville - Mount Isa Rail Line	Various			19,599	Ongoing
Sub-total Network				256,977	
Rail Operations					
Above Rail Operational ¹⁹ Performance	Various			84,094	Ongoing
Above Rail Cost Optimisation ¹⁹	Various			4,746	Ongoing
Sub-total Rail Operations				88,840	
Business Enabling					
Safety Program	Various			10,270	Ongoing
ICT Program	Various			6,653	Ongoing
Workforce Productivity Program	Various			3,920	Ongoing
Other Enabling Program	Various			32,432	Ongoing
Sub-total Business Enabling				53,275	
Total Property, Plant and Equipment				587,472	

Capital Statement 2018-19					
Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
FAR NORTH QUEENSLAND PORTS CORPORATION LIMITED					
Property, Plant and Equipment					
Marlin Marina Reconfiguration and Expansion	306	4,443	1,843	1,500	1,100
Tingira Street Subdivision Development	306	17,913	3,263	2,000	12,650
Horn Island Cargo Wharf Access Road	315	1,700		1,700	
Plant, Equipment and Minor Works	306			2,346	Ongoing
Total Property, Plant and Equipment				7,546	
GLADSTONE PORTS CORPORATION LIMITED					
Property, Plant and Equipment					
RG Tanna Coal Terminal Projects					
Process Control Systems, Stockpile Management and Upgrades	308	126,363	11,889	26,764	87,710
Conveyor Life Extension	308	86,945	6,666	6,234	74,045
Capacity Maximisation	308	7,000	3,880	2,595	525
Auckland Point Projects	308	38,400	100	2,400	35,900
Barney Point Projects	308	12,250		2,760	9,490
Port of Bundaberg Projects	319	3,180		1,900	1,280
Fisherman's Landing Projects	308	32,035		3,485	28,550
Marine Pilot Services Projects	308	7,330	2,006	1,294	4,030
Information Systems Projects	308	38,455		13,050	25,405
Port Services Projects	308	81,928	19,400	15,078	47,450
Port Alma Projects	308	2,500		500	2,000
Quarry Projects	308	4,260		1,260	3,000
Marina Projects	308	1,020		500	520
Plant, Equipment and Minor Works	308	18,964	208	5,665	13,091
Total Property, Plant and Equipment				83,485	
NORTH QUEENSLAND BULK PORTS CORPORATION LIMITED					
Property, Plant and Equipment					
Mackay Tug Berth Facilities Stage 1	312	6,511	615	5,896	
Mackay Northern Access Road	312	2,712	212	1,500	1,000

Transport and Main Roads					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-18 \$'000	Budget 2018-19 \$'000	Post 2018-19 \$'000
Middle Breakwater Common User Pipe Supports Replacement	312	6,210	210	1,500	4,500
Louisa Creek Acquisition Program	312	6,020	760	1,052	4,208
Mackay Wharf 1 Deck Concrete Sealing	312	932	182	750	
Mackay Water Network Enhancements	312	4,130	505	655	2,970
Wharf 5 Approaches	312	7,750		250	7,500
Hay Point Port Development General	312	4,534	904	1,890	1,740
Mackay Port Development General	312	32,722	3,835	1,399	27,488
Abbot Point Port Development General	312	8,223	863	80	7,280
Business Improvement (Information Technology)	312	1,730	380	150	1,200
Total Property, Plant and Equipment				15,122	
PORT OF TOWNSVILLE LIMITED					
Property, Plant and Equipment					
Berth 4 Cranes and Cargo Terminal Area	318	27,296	415	18,564	8,317
Channel Capacity Upgrade	318	193,460	6,096	44,326	143,038
Road Network Upgrades	318	10,100	250	3,250	6,600
Wharf Facilities Upgrades	318	11,486	36	1,000	10,450
Plant, Equipment and Minor Works	318			7,953	Ongoing
Total Property, Plant and Equipment				75,093	
TOTAL TRANSPORT AND MAIN ROADS (PPE)				3,977,531	
TOTAL TRANSPORT AND MAIN ROADS (CG)				239,338	

- Notes:
- Part of the Northern Australia Roads Program.
 - Part of the Northern Australia Beef Roads Program.
 - Funding for this project is for pre-construction activities only.
 - This project is being delivered under a Public Private Partnership arrangement (PPP).
 - Part of the \$635 million Warrego Highway Upgrade Package to upgrade the Warrego Highway between Toowoomba and Miles.
 - Part of the State Infrastructure Fund.
 - Part of the \$260.5 million Cape York Region Package.
 - Part of the State Infrastructure Fund - Priority Economic Works and Productivity Program.

- 9. Part of the Bridges Renewal Program.
- 10. Indicative total project cost subject to confirmation. Project timing, potential staging and funding arrangements subject to negotiations with the Australia Government.
- 11. Indicative total project cost to be confirmed. Australian Government contribution capped at \$110 million, with the Queensland Government to fund the balance. Queensland Government contribution includes \$44 million from the State Infrastructure Fund.
- 12. Indicative total project cost to be confirmed. Australian Government contribution capped at \$115 million, with the Queensland Government to fund the balance. Queensland Government contribution includes \$42 million from the State Infrastructure Fund - Priority Economic Works and Productivity Program.
- 13. Indicative total project cost subject to business case development. Project timing and funding arrangements subject to negotiations with the Australia Government.
- 14. This is a developer funded project.
- 15. Part of the Australian Government’s Heavy Vehicle Safety and Productivity Program.
- 16. Projects other than European Train Control System, New Generation Rollingstock - Operational Readiness, Central and other train station upgrades that will grow and enhance the Queensland Rail Network. They are mainly related to infrastructure and civil works.
- 17. The project is jointly delivered by Queensland Rail and Department of Transport and Main Roads.
- 18. Below Rail includes track infrastructure.
- 19. Above Rail includes stations, platforms and rollingstock.

All Projects - Total estimated cost is inclusive of both non-capital and capital components of project expenditure.

Appendices

Appendix A: Entities included in capital outlays 2018-19

Aboriginal and Torres Strait Islander Partnerships

 Department of Aboriginal and Torres Strait Islander Partnerships

Agriculture and Fisheries

 Department of Agriculture and Fisheries

 Queensland Racing Integrity Commission

Child Safety, Youth and Women

 Department of Child Safety, Youth and Women

Communities, Disability Services and Seniors

 Department of Communities, Disability Services and Seniors

Education

 Department of Education

 Queensland Curriculum and Assessment Authority

Electoral Commission of Queensland

Employment, Small Business and Training

 Department of Employment, Small Business and Training

 TAFE Queensland

Environment and Science

 Department of Environment and Science

 Library Board of Queensland

 Queensland Museum

 Queensland Art Gallery

 Queensland Performing Arts Trust

Housing and Public Works

 Department of Housing and Public Works

 CITEC

 Queensland Shared Services

 Queensland Building and Construction Commission

 Stadiums Queensland

Innovation, Tourism Industry Development and the Commonwealth Games

Department of Innovation, Tourism Industry Development and the Commonwealth Games

Justice and Attorney General

Department of Justice and Attorney General

Public Trustee of Queensland

Legal Aid Queensland

Crime and Corruption Commission

Legislative Assembly of Queensland

Local Government, Racing and Multicultural Affairs

Department of Local Government, Racing and Multicultural Affairs

Natural Resources, Mines and Energy

Department of Natural Resources, Mines and Energy

CS Energy Limited

Stanwell Corporation Limited

Energy Queensland

Powerlink Queensland

SunWater Limited

Gladstone Area Water Board

Mount Isa Water Board

Seqwater

Premier and Cabinet

Department of the Premier and Cabinet

Public Safety Business Agency

Queensland Corrective Services

Queensland Fire and Emergency Services

Queensland Health

Queensland Health and Hospital and Health Services

Council of the Queensland Institute of Medical Research

Queensland Police Service

Queensland Treasury

Queensland Treasury

Cross River Rail Delivery Authority

State Development, Manufacturing, Infrastructure and Planning

- Department of State Development, Manufacturing, Infrastructure and Planning
- Economic Development Queensland
- South Bank Corporation
- Queensland Reconstruction Authority

Transport and Main Roads

- Department of Transport and Main Roads
- Gold Coast Waterways Authority
- Queensland Rail Limited
- Far North Queensland Ports Corporation
- Gladstone Ports Corporation
- North Queensland Bulk Ports Corporation
- Port of Townsville Limited
- RoadTek

Appendix B: Key concepts and coverage

Coverage of the capital statement

Under accrual output budgeting, capital is the stock of assets including property, plant and equipment and intangible assets that any agency owns and/or controls and uses in the delivery of services, as well as capital grants made to other entities. The following definitions are applicable throughout this document:

- **capital purchases** – property, plant and equipment outlays as per the financial statements excluding asset sales, depreciation and revaluations
- **capital grants** – capital grants to other entities and individuals (excluding grants to other government departments and statutory bodies).

Capital contingency

Consistent with the approach adopted in previous years, a capital contingency reserve has been included. This reserve recognises that while agencies budget to fully use their capital works allocation, circumstances such as project lead-in times, project management constraints, unexpected weather conditions and capacity constraints such as the supply of labour and materials may prevent full usage. On a whole-of-government basis, there is likely to be underspending, resulting in a carry-over of capital allocations.

Estimated jobs supported by capital works

The \$11.583 billion capital works program in 2018-19 is estimated to directly support more than 38,000 jobs, equating to around 33,000 full-time equivalent jobs. The estimate of jobs supported by the Government’s capital works program in 2018-19 is based on Queensland Treasury’s Guidelines for estimating the full-time equivalent (FTE) jobs directly supported by the construction component of the capital works program.

The estimate of jobs supported by the capital works program is presented both in terms of FTEs and total jobs. Further, in some cases, jobs estimates quoted for specific projects throughout the Capital Statement and in other Budget papers may reflect other approaches, including proponent’s estimates or project specific information, rather than the methodology in the Queensland Treasury Guidelines for estimating jobs supported by capital works.

Appendix C: Capital purchases by entity by region 2018-19

Entity ²	Brisbane					Sub total \$'000
	East \$'000	North \$'000	South \$'000	West \$'000	Inner City \$'000	
Aboriginal and Torres Strait Islander Partnerships	—	—	—	—	284	284
Agriculture and Fisheries	1,146	30	1,000	—	8,585	10,761
Child Safety, Youth and Women	2,214	1,809	2,977	1,589	2,185	10,774
Communities, Disability Services and Seniors	143	1,989	218	116	1,010	3,476
Education	17,748	13,505	42,825	26,142	111,646	211,866
Electoral Commission of Queensland	—	—	—	—	3,381	3,381
Employment, Small Business and Training	1,285	1,173	1,936	1,018	1,741	7,153
Environment and Science	4,514	1,884	3,110	1,636	27,170	38,314
Housing and Public Works	15,551	21,126	45,170	11,466	55,235	148,548
Innovation, Tourism Industry Development and the Commonwealth Games	—	—	—	—	24	24
Justice and Attorney-General	915	884	1,377	724	40,994	44,894
Legislative Assembly of Queensland	131	121	200	105	6,568	7,125
Local Government, Racing and Multicultural Affairs	62	56	93	49	71	331
Natural Resources, Mines and Energy	38,882	100,753	101,238	68,935	321,629	631,437
Premier and Cabinet	—	—	—	—	1,047	1,047
Public Safety Business Agency ³	8,737	8,567	11,664	7,584	21,766	58,318
Queensland Corrective Services	1,967	1,799	2,969	1,561	2,286	10,582
Queensland Fire and Emergency Services	271	248	410	216	316	1,461
Queensland Health	25,069	72,284	66,707	19,578	58,439	242,077
Queensland Police Service	953	869	1,435	755	1,105	5,117
Queensland Treasury	—	—	—	—	739,125	739,125
State Development, Manufacturing, Infrastructure and Planning	30	29,406	16,029	24	24,166	69,655
Transport and Main Roads	44,287	95,717	84,886	51,740	108,073	384,703
Other Agencies ⁴	75	69	114	60	88	406
Anticipated Contingency Reserve and Other Adjustments ⁵						
Funds Allocated	158,097	339,651	370,569	186,363	1,481,797	2,536,477

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. Includes all associated statutory bodies.
3. The Public Safety Business Agency is a capital purchaser for Queensland Fire and Emergency Services, Queensland Police Service and the Office of the Inspector-General Emergency Management.
4. Includes other Government entities with non-material capital programs.
5. The Anticipated Contingency Reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

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Entity ²	Ipswich \$'000	Wide Bay \$'000	DD Maranoa \$'000	Darling Downs Toowoomba \$'000	Sub total \$'000	Gold Coast \$'000
Aboriginal and Torres Strait Islander Partnerships	—	—	—	—	—	—
Agriculture and Fisheries	—	1,050	1,000	4,050	5,050	120
Child Safety, Youth and Women	9,971	2,721	1,103	1,303	2,406	4,873
Communities, Disability Services and Seniors	3,327	3,061	681	345	1,026	356
Education	59,483	20,764	12,872	32,897	45,769	83,554
Electoral Commission of Queensland	—	—	—	—	—	—
Employment, Small Business and Training	1,901	1,618	708	4,855	5,563	3,263
Environment and Science	3,053	16,065	1,139	1,374	2,513	5,243
Housing and Public Works	32,699	11,447	2,903	6,716	9,619	26,666
Innovation, Tourism Industry Development and the Commonwealth Games	—	—	—	—	—	172
Justice and Attorney-General	1,397	1,273	504	999	1,503	3,847
Legislative Assembly of Queensland	196	167	73	88	161	337
Local Government, Racing and Multicultural Affairs	91	82	34	46	80	156
Natural Resources, Mines and Energy	132,279	213,253	145,256	134,400	279,656	122,024
Premier and Cabinet	—	—	—	—	—	—
Public Safety Business Agency ³	47,331	12,584	5,570	8,253	13,823	22,563
Queensland Corrective Services	18,560	2,482	1,087	1,312	2,399	5,005
Queensland Fire and Emergency Services	403	343	150	181	331	691
Queensland Health	40,799	76,161	60,498	19,349	79,847	73,797
Queensland Police Service	1,409	1,199	525	634	1,159	2,419
Queensland Treasury	—	—	—	—	—	—
State Development, Manufacturing, Infrastructure and Planning	4,634	38	16	20	36	3,108
Transport and Main Roads	601,780	142,134	175,471	570,596	746,067	246,812
Other Agencies ⁴	112	95	42	50	92	192
Anticipated Contingency Reserve and Other Adjustments ⁵						
Funds Allocated	925,006	488,365	394,937	759,218	1,154,155	583,487

Notes

1.

Numbers may not add due to rounding and allocations of adjustments.

2.

Includes all associated statutory bodies.

3.

The Public Safety Business Agency is a capital purchaser for Queensland Fire and Emergency Services, Queensland Police Service and the Office of the Inspector-General Emergency Management.

4.

Includes other Government entities with non-material capital programs.

5.

The Anticipated Contingency Reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

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Entity ²	Logan – Beaudesert	Mackay - Whitsunday	Outback and Far North Queensland			Central Queensland Fitzroy
	\$'000	\$'000	Outback \$'000	Cairns \$'000	Sub total \$'000	\$'000
Aboriginal and Torres Strait Islander Partnerships	—	—	6,095	47	6,142	—
Agriculture and Fisheries	—	80	1,200	1,150	2,350	210
Child Safety, Youth and Women	2,757	1,556	1,296	2,337	3,633	2,014
Communities, Disability Services and Seniors	301	3,794	320	152	472	147
Education	45,766	20,170	4,123	17,479	21,602	28,146
Electoral Commission of Queensland	—	—	—	—	—	—
Employment, Small Business and Training	1,843	1,037	480	1,377	1,857	1,352
Environment and Science	2,962	9,196	772	2,767	3,539	7,422
Housing and Public Works	29,558	6,135	42,149	54,570	96,719	13,516
Innovation, Tourism Industry Development and the Commonwealth Games	—	—	—	—	—	—
Justice and Attorney-General	5,012	807	627	1,009	1,636	7,548
Legislative Assembly of Queensland	190	107	50	142	192	139
Local Government, Racing and Multicultural Affairs	88	50	1,988	71	2,059	70
Natural Resources, Mines and Energy	19,108	102,613	59,170	105,533	164,703	392,262
Premier and Cabinet	—	—	—	—	—	—
Public Safety Business Agency ³	14,557	6,640	9,418	11,294	20,712	9,146
Queensland Corrective Services	2,827	1,591	737	2,111	2,848	109,074
Queensland Fire and Emergency Services	390	220	102	292	394	286
Queensland Health	35,648	36,056	35,348	54,465	89,813	77,271
Queensland Police Service	1,366	769	356	1,020	1,376	1,002
Queensland Treasury	—	—	—	—	—	—
State Development, Manufacturing, Infrastructure and Planning	43	6,524	211	5,032	5,243	4,261
Transport and Main Roads	146,918	272,191	192,335	166,320	358,655	298,455
Other Agencies ⁴	108	61	28	81	109	79
Anticipated Contingency Reserve and Other Adjustments ⁵						
Funds Allocated	298,341	452,750	344,005	411,922	755,927	918,233

Notes

- Numbers may not add due to rounding and allocations of adjustments.
- Includes all associated statutory bodies.
- The Public Safety Business Agency is a capital purchaser for Queensland Fire and Emergency Services, Queensland Police Service and the Office of the Inspector-General Emergency Management.
- Includes other Government entities with non-material capital programs.
- The Anticipated Contingency Reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

Capital Statement 2018-19

Entity ²	Sunshine Coast and Moreton Bay				Townsville	Totals ¹
	Sunshine Coast \$'000	Moreton Bay North \$'000	Moreton Bay South \$'000	Sub total \$'000	\$'000	\$'000
Aboriginal and Torres Strait Islander Partnerships	—	—	—	—	47	6,473
Agriculture and Fisheries	1,150	1,000	20	2,170	1,400	23,191
Child Safety, Youth and Women	2,916	2,026	1,654	6,596	2,288	49,589
Communities, Disability Services and Seniors	493	148	251	892	149	17,001
Education	61,081	18,567	32,198	111,846	25,335	674,301
Electoral Commission of Queensland	—	—	—	—	—	3,381
Employment, Small Business and Training	1,966	1,363	1,116	4,445	27,368	57,400
Environment and Science	6,503	2,190	3,193	11,886	2,198	102,391
Housing and Public Works	23,021	20,918	4,443	48,382	36,373	459,662
Innovation, Tourism Industry Development and the Commonwealth Games	—	—	—	—	—	196
Justice and Attorney-General	1,398	970	794	3,162	4,649	75,728
Legislative Assembly of Queensland	203	141	115	459	141	9,214
Local Government, Racing and Multicultural Affairs	94	65	53	212	71	3,290
Natural Resources, Mines and Energy	130,733	6,488	36,797	174,018	192,175	2,423,528
Premier and Cabinet	—	—	—	—	—	1,047
Public Safety Business Agency ³	12,093	21,347	6,723	40,163	8,245	254,082
Queensland Corrective Services	3,015	5,559	1,711	10,285	2,099	167,752
Queensland Fire and Emergency Services	416	289	236	941	290	5,750
Queensland Health	104,023	43,083	21,457	168,563	65,447	985,479
Queensland Police Service	1,457	1,010	827	3,294	1,014	20,124
Queensland Treasury	—	—	—	—	—	739,125
State Development, Manufacturing, Infrastructure and Planning	296	32	26	354	138,957	232,853
Transport and Main Roads	398,765	65,168	60,585	524,518	255,298	3,977,531
Other Agencies ⁴	116	80	66	262	80	1,596
Anticipated Contingency Reserve and Other Adjustments ⁵						(369,175)
Funds Allocated	722,842	183,612	166,085	1,072,539	736,229	9,921,509

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. Includes all associated statutory bodies.
3. The Public Safety Business Agency is a capital purchaser for Queensland Fire and Emergency Services, Queensland Police Service and the Office of the Inspector-General Emergency Management.
4. Includes other Government entities with non-material capital programs.
5. The Anticipated Contingency Reserve and other adjustments have been spread across statistical areas proportionate to capital spends.



Queensland Budget 2018-19

Capital Statement Budget Paper No.3

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BUDGET MEASURES
Budget Paper No.4
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2018-19 Queensland Budget Papers

- 1. Budget Speech**
- 2. Budget Strategy and Outlook**
- 3. Capital Statement**
- 4. Budget Measures**
- 5. Service Delivery Statements**

Appropriation Bills

Budget Highlights

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Budget Measures
Budget Paper No.4
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State Budget
2018-19

Budget Measures

Budget Paper No. 4

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1 Overview

Features

- This Budget Paper presents a consolidation of expense, capital and revenue measures reflecting decisions since the 2017-18 Budget.
- The 2018-19 Budget measures will support infrastructure, skills and services to promote jobs and build our cities and regional Queensland for the future.
- The Budget will provide infrastructure to cater to our growing population of five million, drive transformative change, encouraging private investment and making our communities better places to live.
- Delivering on our election commitments, the Government has provided increased funding of \$570.8 million over six years to enhance public hospital capacity and services in the south east Queensland growth corridor, including funding for the redevelopments at the Logan, Caboolture and Ipswich hospitals and to commence planning for the Wide Bay region. Total funding included in the Building Better Hospitals package is \$679 million.
- The Government is also providing increased funding of \$554.5 million over four years to support frontline staff, improve health services and meet the ongoing growth in demand for health and ambulance services.
- Delivering on our election commitment, the Government is providing additional funding of \$308 million over six years from 2018-19, bringing total funding to \$808 million across seven years to deliver world class learning environments for students and to address enrolment growth pressures through the Building Future Schools Fund.
- Additional State Government funding of \$897.5 million is provided for planning and upgrades to the M1 Pacific Motorway, namely the Varsity Lakes to Tugun and Eight Mile Plains to Daisy Hill upgrades, under 50:50 funding arrangements with the Australian Government.
- The Government is providing increased funding of \$176 million over four years to support the construction of the Rookwood Weir on the Fitzroy River which is being matched by the Australian Government capital contribution of \$176 million. This will provide drought contingency supplies for Rockhampton, Gladstone and Yeppoon and support agriculture.
- The Government has provided increased funding of \$50 million from 2017-18 to continue funding programs under the Advance Queensland initiative. Measures funded will include expansion of ‘The Precinct’, the State’s flagship hub for start-ups and support for the Clem Jones Centre for Ageing and Dementia Research, and a range of programs to drive and scale innovation in Queensland including driving the development of key technologies like artificial intelligence, big data, drones and robotics in Queensland industry and programs focussing on innovation and the digital economy in our regions, bringing total funding for this program to \$650 million.

- In order to address cost of living pressures, the Electricity Asset Ownership Dividend provides additional funding of \$200 million over two years from 2017-18 to deliver electricity bill relief for Queensland households through a \$50 electricity rebate in 2017-18 and 2018-19. This initiative is funded from the dividends of Queensland's Government-owned corporations and forms part of the Government's \$2 billion Affordable Energy Plan.
- Back to Work has increased funding of \$155 million over four years from 2017-18 to extend the regional program to 30 June 2020 to continue to provide employer support payments to employers hiring eligible unemployed jobseekers in regional Queensland.
- Skilling Queenslanders for Work has increased funding of \$180 million over three years from 2018-19 to boost the initiative to fund more apprenticeships and increase workforce participation through a suite of targeted skills and training programs.
- The Government is providing increased funding of \$40 million over four years from 2018-19 and \$10.4 million per annum ongoing towards management of the Great Barrier Reef including \$26 million over four years and \$10.4 million per annum ongoing for the Great Barrier Reef Joint Field Management Program to protect and maintain marine and island ecosystems in the Great Barrier Reef, and \$13.8 million over four years from 2018-19 to extend the Queensland Reef Water Quality Program. This will bring total funding to \$330 million over five years.
- The Government is providing increased funding of \$4 million over two years to establish a scientific program to support an enhanced Statewide Landcover and Trees Study (SLATS) to identify and report on the condition and extent of regrowth vegetation and inform habitat conservation.
- The Government is introducing a Waste Disposal Levy of \$70 per tonne (higher for regulated waste) increasing \$5 per annum, commencing in the first quarter of 2019. The levy will meet the costs of avoiding direct impacts on households and provide funding for industry programs and other environmental priorities of Government.
- This will include providing additional funding of \$100 million over three years for the Resource Recovery Industry Development Program and \$32 million in 2018-19 for advance payments to councils to meet the cost of municipal household waste sent to landfill and to avoid any direct impact on households associated with the introduction of the Waste Disposal Levy in the first quarter of 2019.
- The Government is providing additional funding of \$38 million over four years to establish the Disaster Resilience Fund (DRF). The DRF funds local governments, State agencies and non-government organisations to deliver mitigation and resilience projects.
- The Government has committed to deliver a new \$150 million state of the art theatre for Brisbane, investing \$125 million over four years from 2018-19.
- To provide enhanced performance facilities for Queensland Ballet, the Government is providing \$14 million over two years towards the refurbishment of the Thomas Dixon Centre.

1.1 Introduction

The purpose of this document is to provide a consolidated view of policy decisions with budgetary impacts made by the Government since the 2017-18 Budget.

This document complements other Budget Papers, in particular Budget Paper No. 2 Budget Strategy and Outlook, Budget Paper No. 3 Capital Statement and the Service Delivery Statements.

This paper includes only new policy decisions and does not detail the full amount of additional funding being provided to agencies to deliver services and infrastructure. Other adjustments, including those that are parameter based and where the funding formula remains unchanged, are similarly excluded.

This paper also sets out the costing of election commitments as published prior to the Election conducted in November 2017.

The total funding impact of new measures is summarised in Tables 1.2 to 1.4 at the conclusion of this chapter.

For details on the total funding available to agencies, refer to agencies’ Service Delivery Statements.

1.2 Explanation of scope and terms

The following is a description of the scope and terms applied in this document.

Scope

This document includes measures with the following features:

- **Sector.** Only Queensland General Government sector agencies are included. Measures involving Government-owned corporations or other Public Non-financial Corporations sector agencies are within scope only if the measures are being funded directly by the General Government sector or if there is a flow through effect (for example, Community Service Obligations).
- **Timeframe.** Measures based on decisions made by the Government since the 2017-18 Budget.
- **Type.** Measures with budgetary impacts, in particular:
 - (i) expense and capital measures with service delivery, capital enhancement, grant or subsidy impacts on the community; and
 - (ii) revenue measures involving a significant change in revenue policy, including changes in the tax rate.
- Initiatives of a technical nature or non-policy based adjustments, such as parameter based funding adjustments, are not included if the formula to calculate these adjustments has not changed, as they do not reflect changes in Government policy. The main focus is on measures reflecting policy decisions that impact directly on the community through service delivery or other means.
- **Materiality.** Minor measures or measures with non-significant community impact are not included in this document.

Funding basis

Tables in this document are presented on a net funding basis.

- Net funding refers to the impact that the funding of the measure has on appropriations from the Consolidated Fund or centrally held funds to the relevant General Government agency. The tables do not include funding directed to the measure from existing agency resources or other sources.
- Amounts refer to additional funding being provided to agencies for a particular program or project, as a result of decisions by Government since the 2017-18 Budget. The amount provided for a measure may differ from other Budget papers, such as Budget Paper No. 3 Capital Statement, that may refer to total funding.

- Where a measure involves material expenditure or revenue collections by more than one department, the measure is reported under each department involved. The addition of each individual department’s portion of a particular measure may not equate to the reported total whole-of-Government figure due to the omission of some departments’ portions that did not meet Budget Paper 4’s materiality threshold (i.e. \$250,000 over five years).
- Amounts included in the tables relating to revenue measures represent the impact of the measure on Government revenue (with a positive amount representing additional revenue).

Tables 1.2 to 1.4 identify expense, capital and revenue measures separately, categorised as follows:

- up to and including 2017-18 Mid-Year Fiscal and Economic Review (MYFER) (which includes 2017 Election Commitments); and
 - since the 2017-18 MYFER.
-

1.3 Overview

The following section presents selected measures relating to decisions taken since the 2017-18 Budget.

1.3.1 Delivering infrastructure

The 2018-19 Budget invests \$45.8 billion in infrastructure over the forward estimates including projects such as the Cairns Convention Centre, Cross River Rail, the M1 and Bruce Highway upgrades, Rookwood Weir and Townsville Stadium, representing the biggest capital works program since 2012-13 which was elevated by disaster recovery efforts.

Measures from across Government that will deliver infrastructure for Queensland that will drive the economy, deliver better services and support tens of thousands of Queensland jobs every year include:

- **M1 Pacific Motorway:** additional funding of \$897.5 million is provided for planning and upgrades to the M1 Pacific Motorway
- **Future Proofing the Bruce:** additional funding \$10 million over two years to develop a 15-year vision and initial Action Plan to identify and prioritise projects to be delivered as part of upgrades to the Bruce Highway and \$253.5 million over three years to deliver priority Bruce Highway upgrade projects
- **Building Future Schools Fund:** additional funding of \$308 million over six years from 2018-19, bringing total funding to \$808 million across seven years to deliver world class learning environments for students
- **Rookwood Weir:** increased funding of \$176 million over four years to support the construction of the Rookwood Weir on the Fitzroy River, which is being matched by the Australian Government capital contribution of \$176 million and providing drought contingency supplies for Rockhampton, Gladstone and Yeppoon
- **New Performing Arts Venue at the Queensland Performing Arts Centre:** the Government has committed to deliver a new \$150 million state of the art theatre for Brisbane, investing \$125 million over four years from 2018-19 to build the new performing arts venue at the Queensland Performing Arts Centre, benefiting Queensland artists and audiences
- **Growth Area and Regional Infrastructure Investment Fund:** additional funding of \$40 million over two years from 2018-19, held centrally, to invest in infrastructure that improves prosperity and liveability for Queenslanders living in outer urban and regional Queensland
- **Beerburrum to Nambour Rail:** the Government is providing funding of \$160.8 million over four years towards the Beerburrum to Nambour rail duplication project. The Australian Government has provided an initial \$390 million over five years towards this measure.

1.3.2 Skills for Queensland jobs

Measures from across Government that will enhance access to training and jobs for Queenslanders include:

- **Skilling Queenslanders for Work:** increased funding of \$180 million over three years from 2018-19 to boost the initiative to fund more apprenticeships and increase workforce participation through a suite of targeted skills and training programs
- **Back to Work:** increased funding of \$155 million over four years from 2017-18 to extend the regional program to 30 June 2020 to continue to provide employer support payments to employers hiring eligible unemployed jobseekers in regional Queensland
- **Expansion of the Jobs and Regional Growth Fund:** increased funding of \$20 million for the Jobs and Regional Growth Fund to help facilitate private sector projects which create employment and economic growth opportunities in regional Queensland by focussing on regions with higher than average unemployment
- **Driving Queensland Agriculture and Rural Jobs Growth:** additional funding of \$19.2 million over three years to support Queensland agriculture and rural jobs.

1.3.3 Industry Attraction and Support

In April 2018, more than a billion people around the world saw the action of the Gold Coast 2018 Commonwealth Games, the biggest event staged in Queensland’s history.

Government and private sector investments valued at approximately \$2.6 billion leave a legacy of upgraded transport, sporting and community facilities for use by local communities for the years and decades to come. Griffith University modelling predicts, after taking into account Government’s \$1.5 billion investment, the Games will have contributed \$2 billion to Gross State Product for the State.

Tourism is a \$25 billion industry for Queensland and the 2018-19 Budget includes a range of support to help ensure the State remains a destination of choice for interstate and international visitors. This includes continued funding for Tourism and Events Queensland to attract more visitors through marketing, events and experience development as well as \$94.6 million over five years to progress programs under the **Growing Tourism, Growing Tourism Jobs** initiative including:

- **Attracting Tourism Fund:** additional funding of \$48.6 million to provide incentives to attract new and international airline routes and cruise ships to Queensland
- **Regional Tourism Infrastructure and Experience Development Program:** additional funding of \$46 million to assist communities to grow tourism by developing new and improved tourism experiences, such as the Wangetti Trail in the State’s Far North, and develop tourism industry capability, including facilitation of outback tourism projects.

Other initiatives include \$26.2 million over four years to attract future major events as part of the **Advancing Tourism** program, additional funding of \$25 million over three years to establish a **Reef Resort Rejuvenation Fund** to deliver infrastructure for the Great Barrier Reef islands with projects focused on cleaning, greening and growing and \$2.2 million to expand the **Australian Workers Heritage Centre** at Barcaldine.

1.3.4 Protecting the Great Barrier Reef

To support the reef and manage the impacts of climate change, the Government is investing \$330 million over five years. A number of initiatives are outlined in the 2018-19 Budget, including:

- **Great Barrier Reef - Joint Field Management Program:** increased funding of \$26 million over four years and \$10.4 million per annum ongoing to protect and maintain marine and island ecosystems in the Great Barrier Reef
- **Great Barrier Reef - Water Quality:** increased funding of \$13.8 million over four years to extend the Queensland Reef Water Quality Program
- **Climate Change Implementing Queensland’s Response:** increased funding of \$5.6 million over four years to enhance and strengthen delivery of the Queensland Climate Change Response which will include continued development and implementation of the Government Adaptation Action Plan
- **Enhanced Statewide Landcover and Trees Study:** increased funding of \$4 million over two years to establish a scientific program to support an enhanced Statewide Landcover and Trees Study to identify and report on the condition and extent of regrowth vegetation and inform habitat conservation.

1.3.5 Advance Queensland

In a globally competitive market we need to ensure we are well positioned to grow opportunities for business and industry through innovation and the commercialisation of ideas. Through its flagship Advance Queensland initiative totalling \$650 million, the Queensland Government maintains a strong focus on fostering innovation and entrepreneurship to enable Queensland businesses to adapt rapidly to the ever-changing global business environment.

Measures from across Government that will support Queenslanders to participate and succeed in the modern economy include:

- **Advance Queensland Foundations for the Future:** increased funding of \$73 million over four years for the Advance Queensland initiative including \$30 million for Ignite Ideas which is helping Queensland startups and small and medium enterprises to succeed
- **Advance Queensland Increase:** increased funding of \$50 million over five years to continue funding programs including expansion of ‘The Precinct’, the State’s flagship hub for start-ups, support for the Clem Jones Centre for Ageing and Dementia Research, and a range of programs to drive and scale innovation in Queensland
- **Advance Queensland Industry Attraction Fund:** \$40 million over two years has been provided in the 2018-19 Budget to extend the Advance Queensland Industry Attraction Fund, bringing total funding to \$105 million, which will continue to attract interstate and overseas businesses considering moving to Queensland, or Queensland-based businesses interested in expanding.

1.3.6 Supporting Queensland businesses

Queensland is home to more than 426,000 small businesses which are at the centre of almost every industry sector across the State. The Government has a series of programs and initiatives developed with the aim of providing Queensland businesses the opportunity to grow, support increased job intake and boost the State’s economy. *Buy Queensland*, introduced in September 2017, prioritises local businesses, jobs and better social outcomes. Since Buy Queensland came into effect, 84% of Queensland Government contracts awarded through QTenders have gone to Queensland businesses.

Measures in the 2018-19 Budget that support Queensland businesses include:

- **Business Development Fund:** increased funding of \$40 million over two years to continue to support the growth of angel and venture capital funding available to Queensland businesses, thereby strengthening Queensland’s entrepreneurial and start-up eco-system
- **EcoBiz Program for Small to Medium Enterprises:** increased funding of \$3.9 million over four years to continue delivering the ecoBiz program that helps small to medium sized businesses identify and achieve financial savings and eco-efficiency across energy, water and waste
- **Security of Payment for Subcontractors in the Building and Construction Industry:** additional funding of \$4.6 million over three years including \$3.1 million to promote public awareness of the Government’s project bank account reforms to improve security of payment for subcontractors in the building and construction industry.

1.4 Government Indexation Policy

In order to relieve cost of living pressures, the Queensland Government will move to a CPI-based escalation of fees and charges and the penalty unit from 2019-20 that will replace the previous Government’s policy of an indexation rate of 3.5% per annum which was introduced in 2012-13. From 2019-20 onwards, the CPI is projected to increase by 2.5% per annum, consistent with the mid-point of the Reserve Bank of Australia’s target band. This measure results in a reduction in revenue of \$25 million in 2019-20 and \$53 million in 2020-21. This change means fees and charges subject to the Government indexation policy, including motor vehicle registration fees, transport and traffic fees and the Emergency Management Levy will only rise at the rate of inflation.

1.5 Funding of election commitments

Consistent with its measured and responsible management of the State’s finances, the Government offset the cost of its election commitments through a range of measures as outlined in Table 1.1 below.

The total cost of election commitments is defined as where additional funding from the Consolidated Fund has been appropriated to agencies or a funding contingency has been set up centrally. This excludes any costs associated with election commitments that are funded through other means or funded internally by agencies.

Where a decision has been taken since the election, to approve additional funding or reprioritise existing funding for a measure, or a revenue forecast has been revised, the funding shown for a measure in Tables 1.2, 1.3 or 1.4 may not be consistent with the totals set out in Table 1.1.

Table 1.1 2017 Election Commitments

	2017-18 \$ million	2018-19 \$ million	2019-20 \$ million	2020-21 \$ million	Total \$ million
Total cost of election commitments - Recurrent commitments	122.5	435.7	436.0	388.9	1,383.0
Savings and Reprioritisation - Additional Foreign Acquirer Duty increase to 7%	—	33.0	33.0	33.0	99.0
Land Tax increase to rate on holdings above \$10 million by 2.25%	—	71.0	76.0	80.0	227.0
Motor Vehicle Duty (\$2 increase per \$100 of dutiable value over \$100,000)	—	24.0	25.2	26.5	75.8
Point of Consumption Betting Tax (15% of net wagering revenue)	—	30.0	30.0	30.0	90.0
Reprioritisation 1% (excluding Health) ¹	153.4	290.4	284.3	288.8	1,016.9
Total Savings and Reprioritisation	153.4	448.4	448.6	458.2	1,508.7
Change to Operating Position	30.9	12.8	12.6	69.4	125.7
Capital commitments	31.7	359.1	489.6	523.9	1,404.3
Capital Funding sources and savings	851.0	120.3	193.8	375.0	1,540.1
Net impact on borrowing of capital expenditure and savings measures	(819.3)	238.8	295.8	148.9	(135.8)

1. The Government has implemented a whole-of-Government reprioritisation program to contribute to whole-of-Government priorities. There will be no forced or voluntary redundancy programs in response to reprioritisation measures.

Note: Totals may not add exactly due to rounding

Table 1.2: Expense measures since the 2017-18 Budget

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Expense measures up to and including MYFER					
Whole-of-Government Measures					
Whole-of-Government reprioritisation	(153,399)	(290,013)	—	—	—
Portfolio Total	(153,399)	(290,013)	—	—	—
Department of Aboriginal and Torres Strait Islander Partnerships					
Cape York Splash Parks ¹	4,000	—	—	—	—
Kupai Omasker ¹	1,000	—	—	—	—
Portfolio Total	5,000	—	—	—	—
Department of Agriculture and Fisheries					
Driving Queensland Agriculture and Rural Jobs Growth	—	7,400	7,400	4,400	—
10 Year Plan for the National Red Imported Fire Ant Eradication Program in South East Queensland	2,358	2,453	2,551	2,651	2,754
Supporting Queensland's Dairy Producers	360	260	50	—	—
Panama Disease Tropical Race 4 Program ¹	2,751	223	265	—	—
Bundaberg Fruit Fly Trial	400	—	—	—	—
Paws and Claws Capital Grant	—	—	—	—	—
Portfolio Total	5,869	10,336	10,266	7,051	2,754
Department of Child Safety, Youth and Women					
Transition to Success	—	2,500	—	—	—
Portfolio Total	—	2,500	—	—	—
Department of Communities, Disability Services and Seniors					
Electricity Asset Ownership Dividend	100,000	100,000	—	—	—
Disability Advocates	—	750	4,693	4,047	—
School Breakfast Program	250	250	250	250	—
Supporting Veterans - Online Portal	—	100	100	—	—
Portfolio Total	100,250	101,100	5,043	4,297	—
Department of Education					
New Senior Assessment and Tertiary Entrance Systems	3,046	7,752	6,166	2,156	2,156
Instrumental Music Program ¹	—	3,110	4,890	6,960	—
Implementation of the <i>Labour Hire Licensing Act 2017</i> ¹	2,064	2,156	2,221	2,288	—
Portfolio Total	5,110	13,018	13,277	11,404	2,156
Department of Employment, Small Business and Training					
Back to Work - Extension	20,000	45,000	45,000	45,000	—
Back to Work - Mature Aged Worker Boost	5,000	—	—	—	—
Skilling Queenslanders for Work	—	20,000	80,000	80,000	—
Supporting Queensland's Dairy Producers	250	40	—	—	—
Portfolio Total	25,250	65,040	125,000	125,000	—

Budget Measures 2018-19

Expense measures up to and including MYFER	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Department of Environment and Science					
Queensland Cultural Centre - Electricity Supplementation and Future Energy Efficiency	1,744	1,800	—	—	—
Government Action on North Stradbroke Island (Minjerribah)	1,352	1,280	1,350	1,350	1,350
National Parks Harsh Environment Fire Vehicles	—	804	—	—	—
Protected Area Estate	153	102	155	125	130
Panama Disease Tropical Race 4 Program	100	100	100	—	—
Climate Change - Implementing Queensland's Response ¹	—	—	—	—	—
Container Refund Scheme	1,500	—	—	—	—
Heritage Property - Urgent Remedial Conservation Works	—	—	—	—	—
Protected Area Estate - Acquisition	—	—	—	—	—
Reef Island Decarbonisation	1,730	—	—	—	—
Waste Investigation	846	—	—	—	—
Woodfordia Infrastructure Upgrade	1,000	—	—	—	—
Portfolio Total	8,425	4,086	1,605	1,475	1,480
Department of Housing and Public Works					
Sports Grant Funding Boost	—	7,982	2,450	—	—
Underwood Sports Park	4,110	5,000	—	—	—
Safe, secure sporting and entertainment facilities	5,800	2,500	—	—	—
Zillmere Sports Centre	500	2,000	3,000	—	—
Security of Payment for Subcontractors in the Building and Construction Industry	2,620	1,000	1,000	—	—
Building and Asset Services Apprenticeship Program and Compliance with the Queensland Government Building and Construction Training Policy	1,000	800	800	—	—
Non Conforming Building Products Audit Taskforce	4,462	393	—	—	—
University of the Sunshine Coast Stadium	7,000	—	—	—	—
Portfolio Total	25,492	19,675	7,250	—	—
Department of Innovation, Tourism Industry Development and the Commonwealth Games					
Making Queensland Australia's Events Capital	—	7,500	12,000	16,500	—
Growing Tourism, Growing Tourism Jobs ¹	9,000	18,200	24,700	32,700	—
Advance Queensland Foundations of the Future	—	15,900	16,000	18,000	23,150
Great Barrier Reef Island Rejuvenation Package	5,000	10,000	10,000	—	—
Major Events Funding ¹	10,715	4,850	5,276	5,314	—
Portfolio Total	24,715	56,450	67,976	72,514	23,150
Department of Local Government, Racing and Multicultural Affairs					
Works for Queensland	—	50,000	75,000	75,000	—
Support for Country Racing	11,600	12,600	13,600	17,600	—
Celebrating Multicultural Queensland Grants Program	—	1,000	1,000	1,000	—
Show Society Grants Program ¹	50	80	120	150	—
Ayr Nature-Based Playground	1,500	—	—	—	—
Beautiful Bowen	5,000	—	—	—	—

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<u>Expense measures up to and including MYFER</u>					
Mount Archer Master Plan	400	—	—	—	—
Support for Refugees and Asylum Seekers ¹	700	—	—	—	—
Portfolio Total	<u>19,250</u>	<u>63,680</u>	<u>89,720</u>	<u>93,750</u>	<u>—</u>
Department of Natural Resources, Mines and Energy					
Solar Thermal Plant Capital Contribution	—	50,000	—	—	—
Affordable Energy Plan	18,200	27,000	24,800	—	—
Coal Mine Workers' Health Scheme	7,565	9,468	—	—	—
Gas Action Plan	3,181	936	300	—	—
Extending Existing Drought Relief Arrangements ¹	—	—	—	—	—
Government Action on North Stradbroke Island (Minjerribah)	—	—	—	—	—
Portfolio Total	<u>28,946</u>	<u>87,404</u>	<u>25,100</u>	<u>—</u>	<u>—</u>
Department of State Development, Manufacturing, Infrastructure and Planning					
Building our Regions	—	35,000	17,500	17,500	—
Queensland Made	4,000	10,000	13,000	13,000	—
Queensland Reconstruction Authority Bluewater Trail and Queens Park Revitalisation	—	8,864	—	—	—
Government Action on North Stradbroke Island (Minjerribah) - Economic Transition Strategy	1,500	3,250	—	—	—
Strong and Sustainable Resources	200	2,300	—	—	—
Government Action on North Stradbroke Island (Minjerribah) - One Mile Infrastructure Works	—	500	500	—	—
Advance Queensland Industry Attraction Fund	—	—	—	—	—
Expansion of the Jobs and Regional Growth Fund	—	—	—	—	—
Government Action on North Stradbroke Island (Minjerribah) - Bushfire Management Plans	900	—	—	—	—
Made in Queensland	5,000	—	10,000	5,000	—
Portfolio Total	<u>11,600</u>	<u>59,914</u>	<u>41,000</u>	<u>35,500</u>	<u>—</u>
Department of the Premier and Cabinet					
Screen Queensland Production Attraction Strategy	10,000	10,000	—	—	—
Portfolio Total	<u>10,000</u>	<u>10,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Department of Transport and Main Roads					
Eastern Transitway ¹	2,000	12,000	8,000	—	—
Station Upgrades and Park'n'Ride facilities	1,860	9,570	21,290	32,460	42,459
Bus Driver Wage Parity in Cairns and Sunshine Coast	2,082	1,466	—	—	—
Queensland Walking Strategy ¹	400	700	1,000	400	—
Beams Road Overpass Investigation ¹	400	—	—	—	—
Future Proofing the Bruce	—	—	5,000	5,000	—
M1 Pacific Motorway - Eight Mile Plains to Logan Motorway Planning	—	—	8,000	8,000	—
New Generation Rollingstock Business Operating Model	9,250	—	—	—	—
Portfolio Total	<u>15,992</u>	<u>23,736</u>	<u>43,290</u>	<u>45,860</u>	<u>42,459</u>

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Expense measures up to and including MYFER					
Legislative Assembly of Queensland					
2017 Electoral Boundary Redistribution and Election ¹	292	480	480	480	480
Parliamentary Annexe Lift Upgrade Program	60	60	60	60	60
Portfolio Total	352	540	540	540	540
Queensland Corrective Services					
Borallon Training and Correctional Centre - Final Stage Recommissioning	600	6,941	6,941	6,941	6,941
Portfolio Total	600	6,941	6,941	6,941	6,941
Queensland Fire and Emergency Services					
Additional Firefighters	—	3,590	6,070	8,670	11,202
Non Conforming Building Products Audit Task Force	504	50	—	—	—
Portfolio Total	504	3,640	6,070	8,670	11,202
Queensland Health					
Specialist Outpatient Strategy	—	77,360	77,360	—	—
Nurse Navigators	—	—	53,904	55,663	—
Midwives	13,700	14,100	14,400	14,800	—
Deadly Choices Healthy Lifestyle Program	8,000	8,000	—	—	—
Rockhampton Drug Treatment and Rehabilitation Facility	—	—	1,480	3,320	—
Building Better Hospitals - Cancer Council Queensland Lodges	—	5,000	—	—	—
Queensland Ambulance Service - Classification Structure	33,980	57,997	100,087	107,630	107,630
Portfolio Total	55,680	162,457	247,231	181,413	107,630
Queensland Police Service					
Increased Counter-Terrorism Capability	5,466	15,695	16,158	16,531	16,910
Police Officers	—	12,574	31,817	51,998	73,155
Tackling Alcohol Fuelled Violence - Safe Night Precincts	2,500	5,000	5,000	5,000	2,500
GPS Tracking of Defendants on Bail	749	2,572	—	—	—
Additional QLiTE Devices	—	1,950	1,970	2,000	—
Portfolio Total	8,715	37,791	54,945	75,529	92,565
Queensland Treasury					
Extension to First Home Owners' Grant	19,600	32,000	—	—	—
Move Up In The World - Attracting Business Investment and Migration to Queensland	1,000	—	—	—	—
Portfolio Total	20,600	32,000	—	—	—
Total impact on Expense up to and including MYFER	218,951	470,295	745,254	669,944	290,877

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Expense measures since 2017-18 MYFER					
Department of Aboriginal and Torres Strait Islander Partnerships					
Cape York Splash Parks ²	(4,000)	4,000	—	—	—
Work History Research and Legal Services	—	3,301	301	110	—
Kowanyama Men's Shed and Women's Meeting Place	—	1,476	388	403	416
Kupai Omasker ²	(800)	597	203	—	—
Aurukun Women's Initiative	—	—	—	—	—
Portfolio Total	(4,800)	9,374	892	513	416
Department of Agriculture and Fisheries					
Panama Disease Tropical Race 4 Program ²	—	2,058	—	—	—
Shark Control Program	—	316	457	548	731
Restoration of Waaje Fire Tower	—	300	200	—	—
Extending Existing Drought Relief Arrangements	—	—	—	—	—
Portfolio Total	—	2,674	657	548	731
Department of Child Safety, Youth and Women					
Youth Justice - Youth Detention Capacity and Planning	216	10,384	—	—	—
Youth Justice - Reducing Remand of Children and Young People in Custody	—	2,469	6,471	2,712	—
Supporting Children and Young People with Complex and Challenging Behaviours	20,000	20,000	—	—	—
Replacement of Integrated Client Management System	—	4,300	—	—	—
Office of the Child and Family Official Solicitor	—	3,320	—	—	—
Domestic and Family Violence Response - Specialist Domestic and Family Violence Courts	—	274	463	463	463
National Redress Scheme	—	—	—	—	—
Portfolio Total	20,216	40,747	6,934	3,175	463
Department of Communities, Disability Services and Seniors					
Community Nursing and Allied Health Services	—	10,000	—	—	—
Tackling Alcohol Fuelled Violence Program - Safe Night Precinct Support Services	—	3,324	—	—	—
National Disability Insurance Scheme - National Clearance Database	—	917	180	136	—
Portfolio Total	—	14,241	180	136	—
Department of Education					
Non-State School Capital Grants	—	45,000	45,000	45,000	—
Implementation of the <i>Labour Hire Licensing Act 2017</i> ²	—	—	—	—	2,357
Youth Justice - Assessment of Education Needs at Brisbane and Townsville Courts	—	—	—	—	—
Instrumental Music Program ²	—	(2,019)	(1,976)	(2,159)	5,610
Portfolio Total	—	42,981	43,024	42,841	7,967

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Expense measures since 2017-18 MYFER					
Department of Employment, Small Business and Training					
Back to Work - South East Queensland	—	15,100	10,250	6,150	—
Creating your Future Job	—	1,000	—	—	—
Enhancing how Government and Small Business Participate in Regulatory Reform	—	350	250	250	250
Portfolio Total	—	16,450	10,500	6,400	250
Department of Environment and Science					
Waste Disposal Levy - Advance Payments to Councils	—	31,975	—	—	—
Waste Disposal Levy - Implementation and operational costs	200	15,000	6,180	6,365	6,556
State Library of Queensland - First 5 Forever Reading Program	—	5,000	5,000	5,000	5,000
Great Barrier Reef - Joint Field Management Program Intergovernmental Agreement Commitment	—	4,058	3,900	7,650	10,400
Great Barrier Reef - Water Quality	—	2,591	5,889	3,200	2,160
Queensland Performing Arts Centre	—	2,000	2,000	2,000	2,000
Vegetation Management - Enhanced Statewide Landcover and Trees Study	—	1,998	1,985	—	—
Continuation of Compliance and Rehabilitation Action	—	1,859	—	—	—
Climate Change - Implementing Queensland's Response ²	—	1,300	1,500	1,500	1,300
EcoBiz Program for Small to Medium Enterprises - Continued Delivery	—	943	971	1,000	1,031
Springvale Station Nature Refuge Management	—	509	717	746	756
Queensland Conservation Council - Increased Support	—	350	350	350	350
Queensland Art Gallery/ Gallery of Modern Art Exhibitions	—	—	—	3,000	3,000
Rockhampton Art Gallery	—	—	—	—	—
Portfolio Total	200	67,583	28,492	30,811	32,553
Department of Housing and Public Works					
Responsive Government - Service Transformation	—	8,820	—	—	—
Embedding Procurement Reform	—	535	535	535	535
Thomas Dixon Centre Refurbishment	—	500	—	—	—
Local Sporting Infrastructure	—	—	—	—	—
Youth Justice - Youth and Family Head Leases	—	—	—	—	—
Portfolio Total	—	9,855	535	535	535
Department of Innovation, Tourism Industry Development and the Commonwealth Games					
Continuation of the Funding Guarantee for Tourism and Events Queensland	—	—	—	—	46,875
Advance Queensland Increase	18,000	8,000	8,000	8,000	8,000
Growing Tourism, Growing Tourism Jobs ²	—	2,500	2,500	2,500	2,500
Australian Workers Heritage Centre	500	1,700	—	—	—
Major Events Funding ²	(1,335)	400	250	—	—
Portfolio Total	17,165	12,600	10,750	10,500	57,375
Department of Justice and Attorney-General					
Blue Card Services Efficiency Savings	—	5,000	—	—	—
Blue Card Services 'No Card, No Start'	—	3,050	2,775	1,420	—
Queensland Courts and Justice Services	—	10,000	—	—	—

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Expense measures since 2017-18 MYFER					
Victim Assist Queensland	—	5,700	5,700	—	—
Gambling Help Service System	—	5,277	5,295	5,314	5,333
Office of the Director of Public Prosecutions	—	5,000	—	—	—
Director of Child Protection Litigation	—	4,630	—	—	—
Crime and Corruption Commission - Digital Investigative and Information Security Services	—	3,374	3,593	3,792	3,897
Recording and Transcription Services	—	2,881	6,494	4,646	—
Office of the Public Guardian and Queensland Civil and Administrative Tribunal	—	2,500	—	—	—
Tackling Alcohol Fuelled Violence Program - Safe Night Precincts	—	2,042	—	—	—
Queensland Sentencing Advisory Council	—	1,851	1,638	1,677	1,717
Crime and Corruption Commission - Investigative Capability	—	1,792	1,832	1,872	1,913
Specialist Courts - Murri Court and Court Link	—	1,703	2,408	2,482	2,527
Aurukun Restorative Justice Program	—	910	—	—	—
Office of the Information Commissioner	—	598	613	628	644
Queensland Family and Child Commission	—	396	—	—	—
Domestic and Family Violence Response - Specialist Domestic and Family Violence Courts	—	264	459	463	468
Coroners Court of Queensland	—	258	—	—	—
Anti-Discrimination Commission Queensland - Human Rights Act for Queensland	—	244	834	604	616
Portfolio Total	—	57,470	31,641	22,898	17,115
Department of Local Government, Racing and Multicultural Affairs					
Torres Shire Water Treatment Infrastructure Upgrade	—	4,500	7,500	—	—
Building Integrity and Sustainability in Local Government	—	3,967	3,360	3,382	3,416
Torres Strait and Palm Island Car and Waste Metal Removal	—	2,500	2,500	—	—
Implementing More Effective Funding Grants to Local Government	—	1,700	500	500	500
Kowanyama Aboriginal Shire Council Economic Growth and Jobs Initiative	—	1,100	—	—	—
State Government Financial Aid - Indexation	—	759	1,536	2,334	3,241
Show Society Grants Program ²	(50)	53	13	(16)	—
Support for Refugees and Asylum Seekers ²	—	—	—	—	—
Torres Strait Islands Seawalls and Coastal Inundation Mitigation Upgrades	—	—	—	—	—
Portfolio Total	(50)	14,579	15,409	6,200	7,157
Department of Natural Resources, Mines and Energy					
Coal Seam Gas Compliance Unit	—	3,369	—	—	—
Queensland Water Regional Alliance Program	—	1,050	1,050	1,050	1,050
Extending Existing Drought Relief Arrangements ²	—	—	—	—	—
Linc Energy Mine Site	—	—	—	—	—
Portfolio Total	—	4,419	1,050	1,050	1,050
Department of State Development, Manufacturing, Infrastructure and Planning					
Resource Recovery Industry Development Program	—	30,000	50,000	20,000	—
Queensland Reconstruction Authority Disaster Resilience Fund	—	9,500	9,500	9,500	9,500
Advancing Queensland's Biofuture (Biofutures Acceleration Program II)	—	5,000	—	—	—

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Expense measures since 2017-18 MYFER					
Queensland Reconstruction Authority Whitsunday Regional Council Administration Building	—	4,500	500	—	—
Queensland Reconstruction Authority Beach Restoration and Mitigation	—	3,562	1,000	—	—
Queensland Reconstruction Authority Disaster Recovery Services Donation Management	—	400	400	400	—
Gasfields Commission Queensland Implementation of Government recommendations arising from the Scott Review	—	—	—	—	—
Hydrogen Industry and Energy Opportunity	—	—	—	—	—
Portfolio Total	—	52,962	61,400	29,900	9,500
Department of the Premier and Cabinet					
Screen Production Facility	—	3,829	2,724	2,724	2,724
Continuation of the Events Sponsorship Fund	—	3,500	3,500	3,500	—
Ministerial Offices	—	2,769	1,250	3,299	3,299
Regional Office Initiative	—	709	941	964	—
Supporting Veterans - Grants	—	500	500	500	—
Portfolio Total	—	11,307	8,915	10,987	6,023
Department of Transport and Main Roads					
Rail Transport Services	—	225,985	221,828	291,514	364,670
Derelict Vessels Enforcement Program	—	5,000	5,000	5,000	5,000
National Marine Safety Regulator	—	4,860	3,830	2,840	1,620
Camera Detected Offence Program	—	2,689	4,967	4,831	5,385
New Public Transport Ticketing System	—	2,000	2,500	3,500	—
School Transport Infrastructure Program	—	2,000	5,000	6,500	6,500
Passenger Transport Infrastructure Investment Program (PTIIP) supplement	—	1,000	5,500	6,500	7,000
Beams Road Overpass Investigation ²	(380)	150	230	—	—
Bus Driver Safety	—	—	—	—	—
Mooloolah River Interchange	—	—	—	—	—
Transport Infrastructure Development Scheme	—	—	—	—	—
Queensland Walking Strategy ²	(400)	(200)	—	600	—
Eastern Transitway ²	(1,800)	(10,200)	—	12,000	—
Portfolio Total	(2,580)	233,284	248,855	333,285	390,175
Electoral Commission of Queensland					
Prohibited Donor Scheme	—	526	311	318	324
Portfolio Total	—	526	311	318	324
Legislative Assembly of Queensland					
2017 Electoral Boundary Redistribution and Election ²	3,092	2,292	2,292	2,292	2,292
Portfolio Total	3,092	2,292	2,292	2,292	2,292
Public Safety Business Agency					
Queensland Government Air Aircraft Maintenance and Compliance	—	2,899	—	—	—
Public Safety Regional Radio Communications	—	—	—	—	—
Portfolio Total	—	2,899	—	—	—

Budget Measures 2018-19

Expense measures since 2017-18 MYFER	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Public Service Commission					
Integrity Commissioner's Expanded Advisory and Public Awareness Role	—	331	350	366	382
Portfolio Total	—	331	350	366	382
Queensland Corrective Services					
Probation and Parole Service Funding	—	6,500	2,900	—	—
Correctional Centre Health Services	—	2,862	—	—	—
Expansion of the Bail Support Program	—	1,222	1,253	1,456	—
Tackling Alcohol Fuelled Violence Program - Safe Night Precinct Support Services	—	1,154	—	—	—
Aurukun Prisoner Reintegration Program	—	512	—	—	—
Domestic and Family Violence Response - Specialist Domestic and Family Violence Courts	—	443	453	464	416
Portfolio Total	—	12,693	4,606	1,920	416
Queensland Fire and Emergency Services					
State Emergency Service on-boarding to the Government Wireless Network in South East Queensland	—	3,000	4,000	1,350	950
Portfolio Total	—	3,000	4,000	1,350	950
Queensland Health					
Operational Growth Funding	—	152,722	62,916	11,651	327,182
Sunshine Coast University Hospital	—	25,481	28,544	29,184	30,022
Community Helicopter Providers	—	7,612	—	—	—
Correctional Centre Health Services	—	5,090	—	—	—
Youth Justice - Specialist Mental Health Youth Forensic Assessment	—	—	—	—	—
Portfolio Total	—	190,905	91,460	40,835	357,204
Queensland Police Service					
Camera Detected Offence Program	—	794	1,240	1,690	2,247
National Disability Insurance Scheme - National Clearance Database	—	400	—	—	—
Domestic and Family Violence Response - Specialist Domestic and Family Violence Courts	—	263	878	899	919
Portfolio Total	—	1,457	2,118	2,589	3,166
Queensland Treasury					
Expansion of the Jobs and Regional Growth Fund	—	20,000	—	—	—
Camera Detected Offence Program	—	1,703	2,406	2,622	2,843
Portfolio Total	—	21,703	2,406	2,622	2,843
Total impact on Expense since 2017-18 MYFER	33,243	826,332	576,777	552,071	898,887
Total impact on Expense since the 2017-18 Budget	252,194	1,296,627	1,322,031	1,222,015	1,189,764

1. Further funding for this measure can be found in the Post Mid-Year Fiscal and Economic Review section of this table.
2. Further funding for this measure can be found in the Mid-Year Fiscal and Economic Review section of this table.

Table 1.3: Capital measures since the 2017-18 Budget

Capital measures up to and including MYFER	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Department of Communities, Disability Services and Seniors					
Supporting Veterans - The Oasis Townsville Defence Hub ¹	2,600	—	—	—	—
Portfolio Total	2,600	—	—	—	—
Department of Education					
Building Future Schools Fund ¹	—	62,420	131,980	22,080	51,520
Renewing our Schools ¹	—	58,750	58,750	58,750	58,750
Advancing Clean Energy Schools	2,000	47,000	48,000	—	—
School Renewal	—	10,000	15,600	—	—
Implementation of the <i>Labour Hire Licensing Act 2017</i>	716	—	—	—	—
Yarrabilba State School Integrated Children’s Services Community Hub	3,600	—	—	—	—
Portfolio Total	6,316	178,170	254,330	80,830	110,270
Department of Employment, Small Business and Training					
Advancing Our Training Infrastructure	—	30,000	30,000	25,000	—
Portfolio Total	—	30,000	30,000	25,000	—
Department of Environment and Science					
Government Action on North Stradbroke Island (Minjerribah)	1,690	113	—	—	—
Protected Area Estate - Acquisition	—	—	—	—	—
Protected Area Estate - Expansion	6,200	—	—	—	—
Portfolio Total	7,890	113	—	—	—
Department of Innovation, Tourism Industry Development and the Commonwealth Games					
Great Keppel Island Recovery Package	5,000	10,000	10,000	—	—
Portfolio Total	5,000	10,000	10,000	—	—
Department of State Development, Manufacturing, Infrastructure and Planning					
Growth Area and Regional Infrastructure Investment Fund	—	—	—	—	—
Portfolio Total	—	—	—	—	—
Department of Transport and Main Roads					
M1 Pacific Motorway - Varsity Lakes to Tugun ¹	—	2,000	6,000	22,000	72,000
Marine Infrastructure Fund ¹	—	14,900	15,100	—	—
Smithfield Bypass	4,222	13,982	25,330	25,466	—
Northern Transitway ¹	6,100	10,000	29,900	7,000	—
Roads Renewal Fund ¹	—	10,000	10,000	15,000	—
Stafford and South Pine Road Intersection Upgrade ¹	—	10,000	10,000	6,000	—
Centenary Motorway Upgrade	2,000	5,000	20,000	21,000	—
Mt Lindesay Highway (Johanna St intersection) ¹	—	5,000	10,000	5,000	—
Station Upgrades including Park’n’Ride facilities ¹	550	3,000	8,000	13,950	—
Future Proofing The Bruce	—	—	30,500	98,000	125,000

Budget Measures 2018-19					
	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Capital measures up to and including MYFER					
Gold Coast Train Stations	—	—	—	25,000	50,000
Mount Isa to Townsville Rail Line	—	—	—	10,000	40,000
Portfolio Total	12,872	73,882	164,830	248,416	287,000
Legislative Assembly of Queensland					
2017 Electoral Boundary Redistribution and Election ¹	775	—	—	—	—
Parliamentary Annexe Lift Upgrade Program	1,205	—	—	—	—
Portfolio Total	1,980	—	—	—	—
Queensland Health					
Building Better Hospitals ¹	11,000	52,280	87,270	202,000	—
Rockhampton Drug Treatment and Rehabilitation Facility	1,500	2,600	5,400	—	—
Redland Hospital	1,730	—	—	—	—
Portfolio Total	14,230	54,880	92,670	202,000	—
Queensland Police Service					
Police Officers	—	600	600	600	600
Increased Counter-Terrorism Capability	1,260	—	—	—	—
Portfolio Total	1,260	600	600	600	600
Total impact on Capital up to and including MYFER	52,148	347,645	552,430	556,846	397,870

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Capital measures since 2017-18 MYFER					
Department of Agriculture and Fisheries					
Restoration of Jimna Fire Tower	—	1,000	500	—	—
Portfolio Total	—	1,000	500	—	—
Department of Child Safety, Youth and Women					
Information and Communication Technology (ICT) Infrastructure Investment	—	2,800	—	—	—
Portfolio Total	—	2,800	—	—	—
Department of Communities, Disability Services and Seniors					
Supporting Veterans - The Oasis Townsville Defence Hub ²	—	—	—	—	—
Portfolio Total	—	—	—	—	—
Department of Education					
Building Future Schools Fund ²	—	(32,420)	32,420	—	—
Renewing our Schools ²	—	(43,750)	11,250	11,250	21,250
Portfolio Total	—	(76,170)	43,670	11,250	21,250
Department of Environment and Science					
New Performing Arts Venue at the Queensland Performing Arts Centre	—	5,000	50,000	50,000	20,000
Queensland Cultural Centre - Critical Infrastructure Asset Renewal	—	4,928	3,522	—	—
Queensland Cultural Centre - Electricity Supplementation and Future Energy Efficiency	—	1,800	3,150	4,050	—
Critical Infrastructure Asset Renewal and Equipment Replacement at the Queensland Performing Arts Centre	—	1,500	1,800	—	—
National Parks Harsh Environment Fire Vehicles	—	200	—	—	—
Portfolio Total	—	13,428	58,472	54,050	20,000
Department of Housing and Public Works					
Thomas Dixon Centre Refurbishment	—	9,500	4,000	—	—
Portfolio Total	—	9,500	4,000	—	—
Department of Justice and Attorney-General					
Blue Card Services ‘No Card, No Start’	—	2,520	709	—	—
Crime and Corruption Commission - Digital Investigative and Information Security Services	—	1,295	354	—	—
Anti-Discrimination Commission Queensland - Human Rights Act for Queensland	—	100	100	—	—
Portfolio Total	—	3,915	1,163	—	—
Department of Local Government, Racing and Multicultural Affairs					
Implementing More Effective Funding Grants to Local Government	—	1,300	—	—	—
Northern Peninsula Area Water Supply System - Replacement of Asbestos Cement Pipelines	—	1,000	1,000	1,000	1,000
Portfolio Total	—	2,300	1,000	1,000	1,000

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Capital measures since 2017-18 MYFER					
Department of Natural Resources, Mines and Energy					
Rookwood Weir	—	66,000	83,000	126,000	77,000
Glen Niven Dam	—	2,500	—	—	—
Linc Energy Mine Site	—	—	—	—	—
Portfolio Total	—	68,500	83,000	126,000	77,000
Department of Transport and Main Roads					
M1 Pacific Motorway - Eight Mile Plains to Daisy Hill	—	17,000	28,500	70,000	201,000
M1 Pacific Motorway - Varsity Lakes to Tugun ²	—	3,000	9,000	48,000	148,000
New Public Transport Ticketing System	—	89,198	104,427	87,891	89,544
Beerburum to Nambour Rail	—	14,407	59,470	143,963	142,951
Western Roads Upgrade Supplement	—	5,000	—	—	—
Station Upgrades including Park'n'Ride facilities ²	(150)	3,600	(3,695)	245	—
M1 Action Plan - Oxenford (Exit 57) Interchange Upgrade	—	3,000	12,000	10,000	—
Camera Detected Offence Program	—	2,000	2,350	67,350	55,350
Gold Coast Seaway Sand Bypass System - Jetty Deck Upgrade	—	1,500	1,850	—	—
Construction of Petrie Roundabout Project	—	—	10,500	12,000	—
Mt Lindesay Highway (Johanna St intersection) ²	200	(3,200)	2,000	1,000	—
Northern Transitway ²	(5,900)	(4,200)	(19,900)	23,000	7,000
Stafford and South Pine Road Intersection Upgrade ²	250	(7,750)	5,000	2,500	—
Roads Renewal Fund ²	—	(9,000)	(1,000)	(5,000)	15,000
Marine Infrastructure Fund ²	—	(10,300)	10,300	—	—
Portfolio Total	(5,600)	104,255	220,802	460,949	658,845
Legislative Assembly of Queensland					
Parliament House Fire Protection System	—	3,994	—	—	—
2017 Electoral Boundary Redistribution and Election ²	—	1,000	—	—	—
Infrastructure and Accommodation Critical Works Program	200	1,000	400	—	—
Portfolio Total	200	5,994	400	—	—
Public Safety Business Agency					
Queensland Government Air Aircraft Maintenance and Compliance	—	3,728	—	—	—
Portfolio Total	—	3,728	—	—	—
Queensland Corrective Services					
Capricornia Correctional Centre	—	22,000	19,000	—	—
Minor Capital Works	—	5,500	5,000	—	—
Portfolio Total	—	27,500	24,000	—	—
Queensland Fire and Emergency Services					
Queensland Fire and Emergency Services Facility - Maleny	—	1,050	1,000	1,450	(500)
Queensland Fire and Emergency Services Facilities - Yarrabilba and surrounds	—	1,000	1,000	3,000	—
Portfolio Total	—	2,050	2,000	4,450	(500)

Budget Measures 2018-19					
	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Capital measures since 2017-18 MYFER					
Queensland Health					
Building Better Hospitals ²	—	—	—	—	185,700
Health Technology Equipment Replacement Program	—	50,000	—	—	—
Redcliffe Hospital Carpark	—	7,508	24,098	5,174	—
Youth Justice - Specialist Mental Health Youth Forensic Assessment	—	—	—	—	—
Portfolio Total	—	57,508	24,098	5,174	185,700
Queensland Police Service					
Camera Detected Offence Program	—	950	2,150	1,150	1,900
National Disability Insurance Scheme - National Clearance Database	—	100	—	—	—
Portfolio Total	—	1,050	2,150	1,150	1,900
Queensland Treasury					
Business Development Fund	—	20,000	20,000	—	—
Portfolio Total	—	20,000	20,000	—	—
Total impact on Capital since 2017-18 MYFER	(5,400)	247,358	485,255	664,023	965,195
Total impact on Capital since the 2017-18 Budget	46,748	595,003	1,037,685	1,220,869	1,363,065
Less Australian Government funding		34,000	101,500	173,000	222,500
Net of Measures funded by Australian Government	46,748	561,003	936,185	1,047,869	1,140,565

- Further funding for this measure can be found in the Post Mid-Year Fiscal and Economic Review section of this table.
- Further funding for this measure can be found in the Mid-Year Fiscal and Economic Review section of this table.

Table 1.4: Revenue measures since the 2017-18 Budget

Revenue measures up to and including MYFER	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Department of Education					
Implementation of the <i>Labour Hire Licensing Act 2017</i> ¹	3,071	3,071	3,071	3,071	—
Portfolio Total	3,071	3,071	3,071	3,071	—
Department of Transport and Main Roads					
Reduced Registration for Historic Motorcycles	—	(100)	(100)	(100)	(100)
Transport Concessions for Veterans	(228)	(488)	(527)	(567)	(608)
Portfolio Total	(228)	(588)	(627)	(667)	(708)
Queensland Treasury					
Point of Consumption Betting Tax ¹	—	30,000	30,000	30,000	30,000
Land Tax increase to rate on holdings above \$10 million by 0.5 percentage points	—	71,000	76,000	80,000	84,400
Additional Foreign Acquirer Duty increase to 7%	—	33,000	33,000	33,000	33,000
Premium Motor Vehicle Duty	—	24,020	25,250	26,490	27,870
Portfolio Total	—	158,020	164,250	169,490	175,270
Total impact on Revenue up to and including MYFER	2,843	160,503	166,694	171,894	174,562

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Revenue measures since 2017-18 MYFER					
Department of Agriculture and Fisheries					
Veterinary Surgeons Regulation 2016	—	201	208	215	223
Queensland Racing Integrity Commission (QRIC) - Reducing Red Tape through a New Licence Model	—	(125)	(125)	(125)	(122)
Portfolio Total	—	76	83	90	101
Department of Education					
Homestay Regional Fees for International Students Program and Study Tours	—	311	328	349	370
Implementation of the <i>Labour Hire Licensing Act 2017</i> ²	—				3,071
Portfolio Total	—	311	328	349	3,441
Department of Environment and Science					
Waste Disposal Levy	—	100,724	405,657	408,004	407,831
Portfolio Total	—	100,724	405,657	408,004	407,831
Department of Natural Resources, Mines and Energy					
Extending existing drought relief arrangements	—	—	—	—	—
Portfolio Total	—	—	—	—	—
Department of Transport and Main Roads					
Hazard Perception Test Fee	—	—	1,330	1,369	1,408
Learner Licence Discount for Photo Identification Card (PIC) Holders	—	(26)	(66)	(141)	(149)
Heavy Vehicle Plate Fee	—	(147)	(152)	(157)	(162)
Portfolio Total	—	(173)	1,112	1,071	1,097
Queensland Treasury					
Point of Consumption Betting Tax ²	—	40,950	66,323	68,501	71,184
Payroll Tax Apprentice and Trainee Rebate	—	(26,000)	—	—	—
Portfolio Total	—	14,950	66,323	68,501	71,184
Total impact on Revenue since 2017-18 MYFER	—	115,888	473,503	478,015	483,654
Total impact on Revenue since the 2017-18 Budget	2,843	276,391	640,197	649,909	658,216

- Further funding for this measure can be found in the Post Mid-Year Fiscal and Economic Review section of this table.
- Further funding for this measure can be found in the Mid-Year Fiscal and Economic Review section of this table.

2 Expense Measures

Introduction

The following tables present the relevant portfolio expense measures relating to decisions taken since the 2017-18 Budget. This does not represent the full amount of additional funding provided to agencies since the 2017-18 Budget. For further explanation, refer to Explanation of Scope and Terms in Chapter 1.

Department of Aboriginal and Torres Strait Islander Partnerships

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Cape York Splash Parks	—	4,000	—	—	—

Delivering on our election commitments, the Government is providing additional funding of \$4 million in 2018-19 to build splash parks at Pormpuraaw, Napranum and Mapoon.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Work History Research and Legal Services	—	3,301	301	110	—

The Government is providing additional funding of \$3.7 million over three years to support work history research and legal services.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Kowanyama Men’s Shed and Women’s Meeting Place	—	1,476	388	403	416

The Government is providing additional funding of \$2.7 million over four years and \$416,000 per annum ongoing to establish a Men’s Shed and a Women’s Meeting Place for the Kowanyama community.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Kupai Omasker	200	597	203	—	—

Delivering on our election commitments, the Government has provided additional funding of \$1 million over three years to engage with Queensland’s Torres Strait Islander community on how traditional Torres Strait Islander child rearing practices can be recognised in law. The consultation process will include the engagement of eminent persons.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Aurukun Women’s Initiative	—	—	—	—	—

The Government is continuing to support the Aurukun community with the department internally funding \$195,000 in 2018-19 for the Aurukun Women’s Initiative.

This forms part of the Government’s overall package of \$1.6 million to continue the Aurukun Four Point Plan in 2018-19 to address safety and support the community. Further funding can be found in the Department of Justice and Attorney-General and Queensland Corrective Service sections of this chapter.

Department of Agriculture and Fisheries

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Driving Queensland Agriculture and Rural Jobs Growth	—	7,400	7,400	4,400	—

Delivering on our election commitments, the Government is providing additional funding of \$19.2 million over three years to support Queensland agriculture and rural jobs. This includes additional funding for the Rural Jobs Initiative (\$3 million), Rural Economic Development Grants Scheme (\$10 million), Queensland Feral Pest Initiative (\$5 million), Pulse Storage Research, Development and Extension (\$1 million) and a study into stamp duty on agricultural insurance products (\$200,000).

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
10 Year Plan for the National Red Imported Fire Ant Eradication Program in South East Queensland	2,358	2,453	2,551	2,651	2,754

Funding of \$28.2 million over 10 years from 2017-18 for the National Red Imported Fire Ant Eradication Program (NRIFAEP) has been allocated to the department. This funding had been held centrally subject to finalisation of the National Cost Sharing Agreement, which has now occurred.

Funding of \$15.1 million over 10 years has also been internally reprioritised by the department, bringing Queensland’s total contribution to the NRIFAEP to \$43.3 million over 10 years.

The National Cost Sharing Agreement is a total of \$411.4 million over 10 years, with contributions from the Australian Government and other States and Territories.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Panama Disease Tropical Race 4 Program	2,751	2,281	265	—	—

The Government has provided increased funding of \$5.3 million over three years to support the continuation of the Panama Disease Tropical Race 4 Program following detection of the disease in Queensland and for a feral pig control initiative to further contain the disease. Further funding can be found in the Department of Environment and Science section of this chapter.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Shark Control Program	—	316	457	548	731

The Government is providing increased funding of \$2.1 million over four years and \$731,000 per annum ongoing to help meet growing costs of the Shark Control Program which protects swimmers on Queensland beaches.

This measure forms part of the larger departmental Shark Control Program, with total funding of \$16.1 million over four years and \$4.2 million per annum ongoing.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Restoration of Waaje Fire Tower	—	300	200	—	—

The Government is providing additional funding of \$500,000 over two years to restore the Waaje Fire Tower that is listed on the Queensland Heritage Register.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Supporting Queensland's Dairy Producers	360	260	50	—	—

The Government has provided additional funding of \$670,000 over three years to the Queensland Dairy Organisation to assist producers and small local milk processors to improve their marketing and labelling campaigns, and to facilitate greater producer participation in the Queensland Dairy Accounting Scheme which provides insights to dairy farmers on profitability, solvency and efficiency.

This is part of a total funding package of \$960,000 for marketing strategies to help consumers make better-informed decisions when they buy milk. Further funding can be found in the Department of Employment, Small Business and Training section of this chapter.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Bundaberg Fruit Fly Trial	400	—	—	—	—

Delivering on our election commitments, the Government has provided additional funding of \$400,000 in 2017-18 to help eradicate fruit fly from the Bundaberg region.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Extending Existing Drought Relief Arrangements	—	—	—	—	—

The Government is providing increased funding of up to \$20 million in 2018-19, held centrally, for the continuation of the Drought Relief Assistance Scheme. This funding provides freight subsidies and emergency water infrastructure rebates to support producers and communities that have been affected by drought across the State.

The Drought Assistance Package is a total of up to \$34.6 million in 2018-19 to support drought affected communities across the State. Further details can be found in the Department of Natural Resources, Mines and Energy section of this chapter and Chapter 4 Revenue Measures.

Budget Measures 2018-19					
	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Paws and Claws Capital Grant	—	—	—	—	—

Funding of \$300,000 has been internally reprioritised in 2017-18 by the department to Paws and Claws as a contribution towards the cost of a new animal refuge and boarding facility.

Department of Child Safety, Youth and Women

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Youth Justice - Youth Detention Capacity and Planning	216	10,384	—	—	—

The Government has provided additional funding of \$10.6 million over two years for additional frontline and frontline support positions to enhance operations of Queensland’s two youth detention centres, and the development of a strategic business case to plan for future detention centre capacity.

This forms part of the Government’s total funding of \$40.7 million over four years (\$22.3 million new funding and \$18.4 million reprioritised funding) for youth justice support measures. Further details can be found in this section, the Department of Education, Department of Housing and Public Works and Queensland Health sections of this chapter and the Queensland Health section of Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Youth Justice - Reducing Remand of Children and Young People in Custody	—	2,469	6,471	2,712	—

The Government is providing increased funding of \$11.7 million over three years and \$11.3 million over four years has been internally reprioritised by the department for services and initiatives to reduce remand of children and young people in custody while maintaining community safety, including extension of bail support and advocacy to support young people to meet their bail conditions, continuation of restorative justice and court ordered conferencing.

This forms part of the Government’s total funding of \$40.7 million over four years (\$22.3 million new funding and \$18.4 million reprioritised funding) for youth justice support measures. Further details can be found in this section, the Department of Education, Department of Housing and Public Works and Queensland Health sections of this chapter and the Queensland Health section of Chapter 3 Capital Measures.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Supporting Children and Young People with Complex and Challenging Behaviours	20,000	20,000	—	—	—

The Government has provided increased funding of \$40 million over two years to support children and young people in care with complex and challenging behaviours.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Replacement of Integrated Client Management System	—	4,300	—	—	—

The Government is providing increased funding of \$4.3 million in 2018-19 to continue developing a contemporary and customer-centric client information and case management solution.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Office of the Child and Family Official Solicitor	—	3,320	—	—	—

The Government is providing increased funding of \$3.3 million in 2018-19 for additional staff in the Office of the Child and Family Official Solicitor to provide early, independent legal advice to child safety workers about child protection matters, and work collaboratively with staff in service centres and the independent Director of Child Protection Litigation to manage child protection order applications and proceedings.

Details of funding for the Director of Child Protection Litigation can be found in the Department of Justice and Attorney-General section of this chapter.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Transition to Success	—	2,500	—	—	—

The Government is providing increased funding of \$2.5 million in 2018-19 to continue the Transition to Success program, aimed at reducing recidivism and increasing participation in education and vocational activities.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Domestic and Family Violence Response - Specialist Domestic and Family Violence Courts	—	274	463	463	463

The Government is providing increased funding of \$1.7 million over four years and \$463,000 per annum ongoing to support the expansion of the Townsville Specialist Domestic and Family Violence (DFV) Court (including circuit courts in Mount Isa and Palm Island) to include criminal DFV matters.

Total funding for the expansion of the Townsville Specialist DFV Court is \$8.1 million over four years, and \$2.3 million per annum ongoing. Further funding can be found in the Department of Justice and Attorney-General, Queensland Corrective Services and Queensland Police Service sections of this chapter.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
National Redress Scheme	—	—	—	—	—

The Government has provisioned approximately \$500 million for redress payments to survivors of institutional child sexual abuse and to facilitate their access to counselling and psychological support as part of Queensland’s participation in the National Redress Scheme for Survivors of Institutional Child Sexual Abuse (National Redress Scheme). Participation in a National Redress Scheme was a key recommendation of the Royal Commission into Institutional Responses to Child Sexual Abuse.

The National Redress Scheme will also provide eligible applicants the option to receive a direct personal response from the institution responsible for providing the redress.

Department of Communities, Disability Services and Seniors

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Electricity Asset Ownership Dividend	100,000	100,000	—	—	—

The Queensland Government has provided additional funding of \$200 million over two years to deliver electricity bill relief for Queensland households through a \$50 electricity rebate in 2017-18 and 2018-19. This initiative is funded from the dividends of Queensland’s Government-owned corporations.

The Electricity Asset Ownership Dividend forms part of the \$2 billion Affordable Energy Plan, aimed at ensuring electricity price rises for typical household and small business customers remain below inflation on average over the next two years.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Community Nursing and Allied Health Services	—	10,000	—	—	—

The Government is providing increased funding of \$10 million in 2018-19 to maintain existing community nursing and allied health services for National Disability Insurance Scheme (NDIS) participants whose NDIS plans do not include these services.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Tackling Alcohol Fuelled Violence Program - Safe Night Precinct Support Services	—	3,324	—	—	—

The Government is providing increased funding of \$3.3 million in 2018-19 to continue the delivery of Safe Night Precinct Support Services which provide early intervention to ensure people affected by excessive alcohol consumption receive necessary assistance and are not exposed to risk or harm as a result of their condition.

This forms part of the Government’s Tackling Alcohol Fuelled Violence Program. Further funding can be found in the Queensland Corrective Services, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
National Disability Insurance Scheme - National Clearance Database	—	917	180	136	—

The Government is providing additional funding of \$1.2 million over three years for Queensland’s contribution to the National Disability Insurance Scheme (NDIS) National Clearance Database. From 1 July 2019, this database will contain a register of cleared and excluded workers from all jurisdictions, reducing the potential for providers to employ workers who pose an unacceptable risk of harm to NDIS participants.

Total funding associated with the National Clearance Database is \$1.7 million over three years. Further funding can be found in the Queensland Police Service section of this chapter and Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Disability Advocates	—	750	4,693	4,047	—

Delivering on our election commitments, the Government is providing funding of \$9.5 million over three years for disability advocacy support services, including additional funding of \$750,000 in 2018-19 for the Queenslanders with Disability Network to provide peer-to-peer advocacy for people with disability who are yet to enter the National Disability Insurance Scheme (NDIS) and increased funding of \$8.7 million over two years to 2020-21 to assist disability advocacy services after the State fully transitions to NDIS.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
School Breakfast Program	250	250	250	250	—

Delivering on our election commitments, the Government has provided increased funding of \$1 million over four years to Foodbank Queensland to expand the School Breakfast Program to additional schools across the State.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Supporting Veterans - Online Portal	—	100	100	—	—

Delivering on our election commitments, the Government is providing additional funding of \$200,000 over two years for an online portal to assist ex-Australian Defence Force personnel to access information and support.

This forms part of the Government’s total funding package of \$4.3 million for the Supporting Veterans initiative. Further funding can be found in the Department of the Premier and Cabinet section of this chapter, and in the Department of Communities, Disability Services and Seniors section of Chapter 3 Capital Measures.

Department of Education

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Non-State School Capital Grants	—	45,000	45,000	45,000	—

Delivering on our election commitments, the Government is providing additional funding of \$135 million over three years in capital grants to the non-state schooling sector to support infrastructure to meet the needs of Queensland’s growing student population.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
New Senior Assessment and Tertiary Entrance Systems	3,046	7,752	6,166	2,156	2,156

The Government has provided additional funding of \$21.3 million over five years and \$2.2 million per annum ongoing to complete the redevelopment of the Queensland Curriculum and Assessment Authority’s information and communication technology infrastructure. This will support the new Queensland Certificate of Education which commences in 2019.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Implementation of the <i>Labour Hire Licensing Act 2017</i>	2,064	2,156	2,221	2,288	2,357

Delivering on our election commitments, the Government has provided additional funding of \$11.1 million over five years and \$2.4 million per annum ongoing to implement the Labour Hire Licensing Act. This addresses labour hire worker exploitation through a mandatory business licensing scheme covering labour hire providers operating in Queensland. The capital component of this measure can be found in Chapter 3 Capital Measures. The revenue component of this measure can be found in Chapter 4 Revenue Measures.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Instrumental Music Program	—	1,091	2,914	4,801	5,610

Delivering on our election commitments, the Government is providing additional funding of \$14.4 million over four years (including an allocation of \$1.5 million for non-state schools through the basket nexus funding arrangements) for additional instrumental music teachers and musical instruments for schools as part of the World Class Education election commitment.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Youth Justice - Assessment of Education Needs at Brisbane and Townsville Courts	—	—	—	—	—

Funding of \$1.5 million over three years from 2018-19 is being internally reprioritised by the department to support re-engagement of young people in the youth justice system with education and support services.

This forms part of the Government’s total funding of \$40.7 million over four years (\$22.3 million new funding and \$18.4 million reprioritised funding) for youth justice support measures. Further details can be found in the Department of Child Safety, Youth and Women, Department of Housing and Public Works and Queensland Health sections of this chapter and the Queensland Health section of Chapter 3 Capital Measures.

Department of Employment, Small Business and Training

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Back to Work - Extension	20,000	45,000	45,000	45,000	—

Delivering on our election commitments, the Government has provided increased funding of \$155 million over four years to extend the Back to Work regional program to continue to provide employer support payments to employers hiring eligible unemployed jobseekers in regional Queensland, with applications open until 30 June 2020.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Back to Work - South East Queensland	—	15,100	10,250	6,150	—

The Government is providing increased funding of \$11 million to respond to high demand and support Back to Work in South East Queensland, so applications can continue to be accepted to 30 June 2018. Further, increased funding of \$20.5 million over three years to continue Back to Work in areas of South East Queensland with significant labour market challenges, with applications open until 30 June 2020.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Back to Work - Mature Aged Worker Boost	5,000	—	—	—	—

Delivering on our election commitments, the Government has provided increased funding of \$5 million in 2017-18 to introduce a Back to Work Mature Aged Worker Boost from 1 January 2018 until 30 June 2018 for mature-aged jobseekers aged 55 years and over. Under the Boost, employers who employ an eligible unemployed mature-aged jobseeker are eligible for payments of up to \$20,000. Funding will also support delivery of the Government’s commitment to appoint a Mature Aged Ambassador and establish associated awards for employers.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Skilling Queenslanders for Work	—	20,000	80,000	80,000	—

Delivering on our election commitments, the Government is providing increased funding of \$180 million over three years to boost the Skilling Queenslanders for Work initiative to fund more apprenticeships and increase workforce participation through a range of targeted skills and training programs.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Creating your Future Job	—	1,000	—	—	—

The Government is providing additional funding of \$1 million in 2018-19 for a trial program designed to deliver targeted skills and specialist business advice and mentoring support to Queenslanders who want to create their own future job.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Enhancing how Government and Small Business Participate in Regulatory Reform	—	350	250	250	250

The Government is providing additional funding of \$1.1 million over four years for delivery of the Business Impact Statement commitment, including the establishment of the small business consultation panels.

Budget Measures 2018-19					
	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Supporting Queensland's Dairy Producers	250	40	—	—	—

The Government has provided additional funding of \$290,000 over two years to assist small processors and farmers to diversify their product range, and better develop their markets with improved branding and marketing.

This is part of a total funding package of \$960,000 for marketing strategies to help consumers make better-informed decisions when they buy milk. Further funding can be found in the Department of Agriculture and Fisheries section of this chapter.

Department of Environment and Science

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Waste Disposal Levy - Advance Payments to Councils	—	31,975	—	—	—

The Government is providing additional funding of \$32 million in 2018-19 for advance payments to councils to meet the cost of municipal household waste sent to landfill and to avoid any direct impact on households associated with the introduction of the Waste Disposal Levy in the first quarter of 2019. Future year payments will be based on actual levy costs incurred.

Waste levy revenue will also provide for waste industry programs and other environmental priorities of Government. Further details can be found in this section, the Department of Local Government, Racing and Multicultural Affairs and Department of State Development, Manufacturing, Infrastructure and Planning sections of this chapter and Chapter 4 Revenue Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Waste Disposal Levy - Implementation and operational costs	200	15,000	6,180	6,365	6,556

The Government has provided additional funding of \$34.3 million over five years and \$6.6 million per annum ongoing for the implementation of the Waste Disposal Levy in the first quarter of 2019 and its ongoing operation.

Further details can be found in this section, the Department of Local Government, Racing and Multicultural Affairs and Department of State Development, Manufacturing, Infrastructure and Planning sections of this chapter and Chapter 4 Revenue Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
State Library of Queensland - First 5 Forever Reading Program	—	5,000	5,000	5,000	5,000

The Government is providing additional funding of \$5 million per annum to continue the development of strong emergent literacy foundations and life-long learning capabilities for all Queensland children up to five years, by directly connecting parents and primary caregivers to a range of resources at public libraries across the State.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Great Barrier Reef - Joint Field Management Program Intergovernmental Agreement Commitment	—	4,058	3,900	7,650	10,400

The Government is providing increased funding of \$26 million over four years and \$10.4 million per annum ongoing for the Great Barrier Reef Joint Field Management Program to protect and maintain marine and island ecosystems in the Great Barrier Reef.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Great Barrier Reef - Water Quality	—	2,591	5,889	3,200	2,160

The Government is providing increased funding of \$13.8 million over four years, including \$10.1 million to support the cane, grazing and banana industries in Great Barrier Reef catchments to improve water quality.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Performing Arts Centre	—	2,000	2,000	2,000	2,000

The Government is providing additional funding of \$8 million over four years to support the Queensland Performing Arts Centre in extending its programming reach across the State, investing further in Aboriginal and Torres Strait Islander performing arts and developing a musical theatre incubator.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Vegetation Management - Enhanced Statewide Landcover and Trees Study	—	1,998	1,985	—	—

The Government is providing increased funding of \$4 million over two years to establish a scientific program to support an enhanced Statewide Landcover and Trees Study (SLATS) to identify and report on the condition and extent of regrowth vegetation and inform habitat conservation.

The department will work in collaboration with the Department of Natural Resources, Mines and Energy to deliver the program.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Continuation of Compliance and Rehabilitation Action	—	1,859	—	—	—

The Government is providing increased funding of \$1.9 million in 2018-19 to continue to manage allegations of serious environmental harm and to undertake further remediation of surface and groundwater impacted by by-products of Underground Coal Gasification.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Cultural Centre - Electricity Supplementation and Future Energy Efficiency	1,744	1,800	—	—	—

The Government has provided additional funding of \$3.5 million over two years to provide for electricity supplementation at the Queensland Cultural Centre, South Bank. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Climate Change - Implementing Queensland’s Response	—	1,300	1,500	1,500	1,300

The Government is providing increased funding of \$5.6 million over four years to enhance and strengthen delivery of the Queensland Government endorsed Queensland Climate Change Response. Funding will enable continued development and implementation of the Government Adaptation Action Plan including the Queensland Climate Resilient Council program and the sectors and systems program, and support significant adaptation risk projects such as sea level rise in the Torres Strait and other island communities.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Government Action on North Stradbroke Island (Minjerribah)	1,352	1,280	1,350	1,350	1,350

The Government has provided increased funding of \$6.7 million over five years and \$1.4 million per annum ongoing to expand the protected area over North Stradbroke Island (Minjerribah) as part of joint management arrangements with traditional owners.

Further funding can be found in the Department of Natural Resources, Mines and Energy and Department of State Development, Manufacturing, Infrastructure and Planning sections of this chapter and Chapter 3 Capital Measures.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
EcoBiz Program for Small to Medium Enterprises - Continued Delivery	—	943	971	1,000	1,031

The Government is providing increased funding of \$3.9 million over four years to continue delivering the ecoBiz program that helps small to medium sized businesses identify and achieve financial savings and eco-efficiency across energy, water and waste.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
National Parks Harsh Environment Fire Vehicles	—	804	—	—	—

The Government is providing increased funding of \$804,000 in 2018-19 towards the operation of vehicles in harsh environments in Queensland’s Protected Area Estate to ensure the continued safety of staff, property and the community. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Springvale Station Nature Refuge Management	—	509	717	746	756

The Government is providing increased funding of \$2.7 million over four years to support the ongoing land management needs for Springvale Station Nature Refuge. This funding is critical to achieving conservation objectives for biodiversity values, including habitat for threatened species and a high diversity of terrestrial regional ecosystems.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Conservation Council - Increased Support	—	350	350	350	350

The Government is providing increased funding of \$1.8 million over five years from 2018-19 to support the Queensland Conservation Council and nine regional conservation councils meet ongoing operational expenses. This increase in funding will assist each recipient group to continue and improve the services they provide to their representative communities, as well as improve their ability to represent these communities on local environmental conservation issues.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Protected Area Estate	153	102	155	125	130

The Government has provided increased funding of \$665,000 over five years and \$130,000 per annum ongoing for operational management costs associated with additional property of high conservation value which is to be added to the Queensland Protected Area Estate. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Panama Disease Tropical Race 4 Program	100	100	100	—	—

The Government has provided increased funding of \$300,000 over three years for the management of Panama disease. Further funding can be found in the Department of Agriculture and Fisheries section of this chapter.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Container Refund Scheme	1,500	—	—	—	—

The Government has provided increased funding of \$1.5 million in 2017-18 to assist in the establishment of collection point infrastructure across the State, as part of implementing the Container Refund Scheme.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Heritage Property - Urgent Remedial Conservation Works	—	—	—	—	—

The Government is providing additional funding of \$6.1 million over three years, held centrally pending negotiations about future management, which includes \$5.8 million in 2018-19 for urgent remedial conservation works to heritage property to ensure the protection and structural integrity of State heritage buildings.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Protected Area Estate - Acquisition	—	—	—	—	—

The Government is providing increased funding of \$1.3 million over four years and \$339,000 per annum ongoing, held centrally, to support critical infrastructure upgrades and maintenance costs associated with the proposed purchase of properties of high conservation value for inclusion in the Queensland Protected Area Estate. The capital component of this measure can be found in Chapter 3 Capital Measures.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Art Gallery/Gallery of Modern Art Exhibitions	—	—	—	3,000	3,000

The Government will provide additional funding of \$6 million over two years from 2020-21 to secure, promote, develop and deliver high profile, exclusive “blockbuster” and major exhibitions which are principal drivers of visitation and economic benefit.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Reef Island Decarbonisation	1,730	—	—	—	—

Delivering on our election commitments, the Government has provided additional funding of \$1.7 million in 2017-18 to assist the Great Barrier Reef Islands to cut their emissions by developing business cases for solar, wind and gas generation.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Rockhampton Art Gallery	—	—	—	—	—

The Government is providing increased funding of \$8 million over two years, held centrally, to the Rockhampton Regional Council for the construction of the new Rockhampton Art Gallery, subject to the confirmation of a \$10 million contribution from the Australian Government. This brings total State funding for this measure to \$10 million, following the provision of \$2 million for initial planning in the 2017-18 Queensland Budget.

Budget Measures 2018-19

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Waste Investigation	846	—	—	—	—

The Government has provided increased funding of \$846,000 in 2017-18 to fund a Waste Investigation by the Honourable Peter Lyons into the transportation of waste into Queensland from interstate sources.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Woodfordia Infrastructure Upgrade	1,000	—	—	—	—

Delivering on our election commitments, the Government has provided additional funding of \$1 million in 2017-18 for an infrastructure upgrade of facilities at Woodfordia, the site of the Woodford Folk Festival. The department has internally reprioritised \$1 million which brings total funding to \$2 million.

Department of Housing and Public Works

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Responsive Government - Service Transformation	—	8,820	—	—	—

The Government is providing increased funding of \$8.8 million in 2018-19 to continue to provide digital technology and service design capabilities to improve customer services, bringing total funding to \$16.9 million.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Sports Grant Funding Boost	—	7,982	2,450	—	—

The Government is providing additional funding of \$10.4 million over two years to support a number of community infrastructure development projects to increase the opportunity for Queenslanders to participate in sport and active recreation.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Underwood Sports Park	4,110	5,000	—	—	—

Delivering on our election commitments, the Government has provided additional funding of \$9.1 million over two years as part of a comprehensive redevelopment of the Underwood Park sports precinct.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Safe, secure sporting and entertainment facilities	5,800	2,500	—	—	—

The Government has provided additional funding of \$8.3 million over two years to assist with the security upgrades to Stadiums Queensland venues throughout Queensland. The security measures will identify security-related improvements and enhancements to include perimeter barriers, alarm monitoring, surveillance capability, entry searches and staff training.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Zillmere Sports Centre	500	2,000	3,000	—	—

Delivering on our election commitments, the Government has provided additional funding of \$5.5 million over three years to redevelop a Government-owned building into an indoor sports complex at Zillmere.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Security of Payment for Subcontractors in the Building and Construction Industry	2,620	1,000	1,000	—	—

The Government has provided additional funding of \$4.6 million over three years. This includes \$3.1 million to promote public awareness of the Government’s project bank account reforms to improve security of payment for subcontractors in the building and construction industry and, delivering on our election commitment, \$1.5 million for the Queensland Building and Construction Commission to undertake a full business architecture review, including development of an IT solution to improve efficiency in delivering existing services and effectively implementing building policy reforms.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Building and Asset Services Apprenticeship Program and Compliance with the Queensland Government Building and Construction Training Policy	1,000	800	800	—	—

Delivering on our election commitments, the Government has provided additional funding of \$2.6 million over three years to re-establish and implement the Building and Asset Services apprenticeship program, and to enhance compliance with the Queensland Government Building and Construction Training policy.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Embedding Procurement Reform	—	535	535	535	535

The Government is providing additional funding of \$535,000 per annum from 2018-19 to strengthen the procurement compliance, coordination and referral function to ensure contractual commitments made by suppliers are upheld.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Thomas Dixon Centre Refurbishment	—	500	—	—	—

The Government is providing additional funding of \$500,000 in 2018-19 to expedite design works for the refurbishment of the Thomas Dixon Centre to provide enhanced performance facilities for Queensland Ballet.

This is part of an overall package of \$14 million over two years towards the refurbishment of the Thomas Dixon Centre. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Non Conforming Building Products Audit Taskforce	4,462	393	—	—	—

The Government has provided additional funding of \$4.9 million over two years for the Non-Conforming Building Products Audit Taskforce. An additional \$1.6 million has been internally reprioritised by the department in 2017-18 to fund this measure.

The funding will allow the Taskforce to undertake assessments of Government Buildings as well as develop self-assessment processes and systems for use by private sector building owners.

This forms part of the Government’s overall package of \$7.6 million over two years to support taskforce operations in assessing the critical safety risks posed by combustible cladding on Government and non-Government buildings throughout Queensland. Further funding can be found in the Queensland Fire and Emergency Services section of this chapter.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Local Sporting Infrastructure	—	—	—	—	—

The Government is providing additional funding of \$15 million, held centrally, to support the development of local sporting infrastructure. Some proposals will require matching contributions from other levels of government.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
University of the Sunshine Coast Stadium	7,000	—	—	—	—

Delivering on our election commitments, the Government has provided additional funding of \$7 million in 2017-18 to complete the refurbishment of the University of the Sunshine Coast Stadium, which will expand the indoor seating capacity and provide additional amenities.

Budget Measures 2018-19					
	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Youth Justice - Youth and Family Head Leases	—	—	—	—	—

Funding of \$623,000 over three years from 2018-19 is being internally reprioritised by the department to improve housing responses to young people in the youth justice system and their families at risk of homelessness.

This forms part of the Government’s total funding of \$40.7 million over four years (\$22.3 million new funding and \$18.4 million reprioritised funding) for youth justice support measures. Further details can be found in the Department of Child Safety, Youth and Women, Department of Education, and Queensland Health sections of this chapter and the Queensland Health section of Chapter 3 Capital Measures.

Department of Innovation, Tourism Industry Development and the Commonwealth Games

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Making Queensland Australia’s Events Capital	—	7,500	12,000	16,500	—

Delivering on our election commitments, the Government is providing increased funding of \$36 million over three years to attract more major events to Queensland. This investment will drive growth of major events throughout Queensland making it Australia’s Events Capital.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Continuation of the Funding Guarantee for Tourism and Events Queensland	—	—	—	—	46,875

The Government will provide increased funding of \$46.9 million in 2021-22 to continue the restoration of funding to Tourism and Events Queensland (TEQ). This will allow TEQ to carry out its core functions including promoting Queensland destinations and driving tourism growth.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Growing Tourism, Growing Tourism Jobs	9,000	20,700	27,200	35,200	2,500

Delivering on our election commitments, the Government has provided additional funding of \$94.6 million over five years to progress initiatives under the Growing Tourism, Growing Tourism Jobs initiative. This includes \$48.6 million for the Attracting Tourism Fund to provide incentives to attract new international airline routes and cruise ships to Queensland.

It also includes \$46 million for a new Regional Tourism Infrastructure and Experience Development program to assist communities to grow tourism by developing new and improved tourism experiences or products and develop tourism industry capability, including facilitation of outback tourism projects.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Advance Queensland Foundations of the Future	—	15,900	16,000	18,000	23,150

Delivering on our election commitments, the Government is providing increased funding of \$73 million over four years for the Advance Queensland initiative including \$30 million for Ignite Ideas which is helping Queensland startups and small and medium enterprises to succeed and \$26 million for Industry Research Fellowships which support collaboration between researchers and industry to solve some of the State’s biggest challenges.

This measure is incorporated into Government’s \$650 million Advance Queensland initiative to foster innovation and entrepreneurialism, capitalise on our natural advantages, and help raise Queensland’s profile as an attractive investment destination.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Great Barrier Reef Island Rejuvenation Package	5,000	10,000	10,000	—	—

Delivering on our election commitments, the Government has provided additional funding of \$25 million over three years to establish a Reef Resort Rejuvenation Fund to deliver infrastructure for Great Barrier Reef islands. The fund will prioritise projects focused on growing, greening and cleaning.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Advance Queensland Increase	18,000	8,000	8,000	8,000	8,000

The Government has provided increased funding of \$50 million over five years to continue funding programs under the Advance Queensland initiative. Measures funded will include expansion of ‘The Precinct’, the State’s flagship hub for start-ups; support for the Clem Jones Centre for Ageing and Dementia Research; and a range of programs to drive and scale innovation in Queensland including driving the development of key technologies such as artificial intelligence, big data, drones and robotics in Queensland industry and programs focussing on innovation and the digital economy in our regions.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Major Events Funding	9,380	5,250	5,526	5,314	—

The Government has provided additional funding of \$26.2 million over four years to secure major events for Queensland. This funding supports the Advancing Tourism 2016-20: Growing Queensland Jobs Strategy by attracting and growing events as one of the key strategies to capitalise on Queensland’s growing tourism industry and increase market share.

The funding also includes reprioritisation from savings of \$650,000 over two years from 2018-19, towards tourism projects which will build on the legacy of the Gold Coast 2018 Commonwealth Games and, delivering on our election commitment, support preparation of a business case for staging supercars racing at Rockhampton.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Australian Workers Heritage Centre	500	1,700	—	—	—

The Government has provided additional funding of \$2.2 million over two years to meet the costs of upgrades at the Australian Workers’ Heritage Centre including refurbishment and extension of premises and exhibits.

Department of Justice and Attorney-General

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Blue Card Services ‘No Card, No Start’	—	3,050	2,775	1,420	—

Delivering on our election commitments, the Government is providing additional funding of \$7.2 million over three years to implement an online Blue Card application system as part of the Government’s ‘No Card, No Start’ initiative. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Blue Card Services Efficiency Savings	—	5,000	—	—	—

The Government is providing increased funding of \$5 million in 2018-19 for savings not realised from Blue Card Services by the former Government as part of the commitment to protect jobs and maintain the integrity of the Blue Card System. This will enable Blue Card Services to continue current staffing and capability levels.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Queensland Courts and Justice Services	—	10,000	—	—	—

The Government is providing increased funding of \$10 million in 2018-19 to respond to increased criminal, domestic and family violence matters in Queensland Courts, dangerous sexual offender matters and other justice system initiatives.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Victim Assist Queensland	—	5,700	5,700	—	—

The Government is providing increased funding of \$11.4 million over two years to provide financial support to victims of crime.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Gambling Help Service System	—	5,277	5,295	5,314	5,333

The Government is providing increased funding of \$21.2 million over four years and \$5.3 million per annum ongoing to continue to provide counselling and support services for people adversely affected by problem gambling.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Office of the Director of Public Prosecutions	—	5,000	—	—	—

The Government is providing increased funding of \$5 million in 2018-19 to respond to increased workload within the Office of the Director of Public Prosecutions.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Director of Child Protection Litigation	—	4,630	—	—	—

The Government is providing increased funding of \$4.6 million in 2018-19 for additional staff for the Director of Child Protection Litigation. This funding will support the management of child protection order applications and proceedings by the Director of Child Protection Litigation, including working with the Office of the Child and Family Official Solicitor.

Details of funding for the Office of the Child and Family Official Solicitor can be found in the Department of Child Safety, Youth and Women section of this chapter.

Budget Measures 2018-19

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Crime and Corruption Commission - Digital Investigative and Information Security Services	—	3,374	3,593	3,792	3,897

The Government is providing additional funding of \$14.7 million over four years and \$3.9 million per annum ongoing to enhance the processing of digital evidence and to provide for a contemporary information security platform. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Recording and Transcription Services	—	2,881	6,494	4,646	—

The Government is providing increased funding of \$14 million over three years for the continued delivery of recording and transcription services within Queensland Courts.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Office of the Public Guardian and Queensland Civil and Administrative Tribunal	—	2,500	—	—	—

The Government is providing additional funding of \$2.5 million in 2018-19 for the Office of the Public Guardian and the Queensland Civil and Administrative Tribunal to meet immediate demand pressures related to the rollout of the National Disability Insurance Scheme.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Tackling Alcohol Fuelled Violence Program - Safe Night Precincts	—	2,042	—	—	—

The Government is providing increased funding of \$2 million in 2018-19 to continue inspections of licensed venues during peak trading periods and to monitor the industry’s progress on implementing and complying with the Tackling Alcohol Fuelled Violence policy.

This forms part of the Government’s Tackling Alcohol Fuelled Violence Program. Further details of this funding can be found in the Queensland Corrective Services, Queensland Police Service and Department of Communities, Disability Services and Seniors sections of this chapter.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Sentencing Advisory Council	—	1,851	1,638	1,677	1,717

The Government is providing increased funding of \$6.9 million over four years and \$1.7 million per annum ongoing for the continued delivery of the Queensland Sentencing Advisory Council which educates the community about the justice system and sentencing, collates statistical information about sentencing, and researches the effectiveness of sentencing practices in reducing crime.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Crime and Corruption Commission - Investigative Capability	—	1,792	1,832	1,872	1,913

The Government is providing additional funding of \$7.4 million over four years and \$1.9 million per annum ongoing for additional frontline investigators to combat major crime and corruption.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Specialist Courts - Murri Court and Court Link	—	1,703	2,408	2,482	2,527

The Government is providing increased funding of \$9.1 million over four years and \$2.5 million per annum ongoing to support the continued delivery of the Murri Court and expansion of Court Link services to Southport, Mount Isa and Ipswich.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Aurukun Restorative Justice Program	—	910	—	—	—

The Government is providing increased funding of \$910,000 in 2018-19 to support the continued delivery of the Restorative Justice Program in Aurukun.

This forms part of the Government’s overall package of \$1.6 million to continue the Aurukun Four Point Plan in 2018-19 to address safety and support the community. Further funding can be found in the Department of Aboriginal and Torres Strait Islander Partnerships and Queensland Corrective Services sections of this chapter.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Office of the Information Commissioner	—	598	613	628	644

The Government is providing increased funding of \$2.5 million over four years and \$644,000 per annum ongoing for additional review officers.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Family and Child Commission	—	396	—	—	—

The Government is providing additional funding of \$396,000 in 2018-19 to address online child safety and child exploitation, and to empower children and young people to have a voice and contribute to discussion about issues affecting them and their future.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Domestic and Family Violence Response - Specialist Domestic and Family Violence Courts	—	264	459	463	468

The Government is providing additional funding of \$1.7 million over four years and \$468,000 per annum ongoing to expand the Townsville Specialist Domestic and Family Violence (DFV) Court (including circuit courts in Mount Isa and Palm Island) to include criminal DFV matters.

Total funding for the expansion of the Townsville Specialist DFV Court is \$8.1 million over four years and \$2.3 million per annum ongoing. Further funding can be found in the Queensland Police Service, Queensland Corrective Services, and the Department of Child Safety, Youth and Women sections of this chapter.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Coroners Court of Queensland	—	258	—	—	—

The Government is providing increased funding of \$258,000 in 2018-19 to support the coronial inquest into deaths at Dreamworld.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Anti-Discrimination Commission Queensland - Human Rights Act for Queensland	—	244	834	604	616

Delivering on our election commitments, the Government is providing additional funding of \$2.3 million over four years and \$616,000 per annum ongoing to the Anti-Discrimination Commission to support the operation and administration of a Human Rights Act for Queensland. The capital component of this measure can be found in Chapter 3 Capital Measures.

Department of Local Government, Racing and Multicultural Affairs

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Works for Queensland	—	50,000	75,000	75,000	—

Delivering on our election commitments, the Government is providing increased funding of \$200 million over three years to extend the Works for Queensland program, which will continue to support job-creating maintenance and minor infrastructure works across regional Queensland, bringing the total funding of this program to \$600 million over five years from 2016-17.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Support for Country Racing	11,600	12,600	13,600	17,600	—

Delivering on our election commitments, the Government has provided increased funding of \$55.4 million over four years to support country racing clubs including, funding for racing club infrastructure across the State. This measure brings total funding for country racing to \$70.4 million over four years.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Torres Shire Water Treatment Infrastructure Upgrade	—	4,500	7,500	—	—

The Government is providing additional funding of up to \$12 million over two years to upgrade Torres Shire Council’s drinking water treatment infrastructure including water filtration and other related infrastructure on Thursday Island and Horn Island.

The adjacent Hammond Island will also benefit from the upgrade as its drinking water is sourced primarily from Torres Shire Council via a pipeline.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Building Integrity and Sustainability in Local Government	—	3,967	3,360	3,382	3,416

The Government is providing additional funding of \$14.1 million over four years to enhance the integrity and sustainability of the local government system by establishing an independent body to consider councillor conduct complaints and improve governance practices.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Torres Strait and Palm Island Car and Waste Metal Removal	—	2,500	2,500	—	—

The Government is providing additional funding of \$5 million over two years to remove waste metal build-up including vehicle stockpiles from communities located in the Torres Strait Island Regional Council, Palm Island Aboriginal Shire Council and Torres Shire Council areas. The \$2.5 million funding allocation in 2019-20 is to be met by revenue collected from the Waste Disposal Levy.

Further details can be found in the Department of Environment and Science and Department of State Development, Manufacturing, Infrastructure and Planning sections of this chapter and the Department of Environment and Science section of Chapter 4 Revenue Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Implementing More Effective Funding Grants to Local Government	—	1,700	500	500	500

The Government is providing additional funding of \$3.2 million over four years to undertake implementation planning to improve and simplify the administration of grants to local government. This measure progresses the recommendations from the *Review of Grants to Local Government: Current and future state assessments*. The capital component of this measure can be found in Chapter 3 Capital Measures.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Kowanyama Aboriginal Shire Council Economic Growth and Jobs Initiative	—	1,100	—	—	—

The Government is providing additional funding of \$1.1 million in 2018-19 to fund the purchase of appropriate heavy equipment necessary to establish a road and construction unit within the Kowanyama Aboriginal Shire Council.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Celebrating Multicultural Queensland Grants Program	—	1,000	1,000	1,000	—

Delivering on our election commitments, the Government is providing increased funding of \$3 million over three years to support community initiatives which promote a harmonious, welcoming and inclusive community.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
State Government Financial Aid - Indexation	—	759	1,536	2,334	3,241

The Government is providing additional funding of \$7.9 million over four years to align future indexation of funding provided under the State Government Financial Aid program, with the mid-point of the Reserve Bank of Australia’s inflation target.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Show Society Grants Program	—	133	133	134	—

Delivering on our election commitments, the Government is providing increased funding of \$400,000 over three years for the Show Society Grants Program which supports Queensland Show Societies conduct annual agricultural shows and to upgrade and maintain existing showground facilities.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Ayr Nature-Based Playground	1,500	—	—	—	—

Delivering on our election commitments, the Government has provided increased funding of \$1.5 million in 2017-18 for further development of a nature-based playground at Ayr.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Beautiful Bowen	5,000	—	—	—	—

Delivering on our election commitments, the Government has provided additional funding of \$5 million in 2017-18 for the Whitsunday Regional Council’s Beautiful Bowen Project. This project will improve the streetscapes and tourism infrastructure in Bowen to attract more domestic and international tourists.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Mount Archer Master Plan	400	—	—	—	—

Delivering on our election commitments, the Government has provided additional funding of \$400,000 in 2017-18 to build a new open-air amphitheatre at Mount Archer.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Support for Refugees and Asylum Seekers	700	—	—	—	—

The Government has provided additional funding of \$700,000 in 2017-18 and reprioritised funding of \$3.6 million over two years from 2018-19, to provide total funding of \$4.3 million over three years, to deliver assistance to vulnerable refugees and asylum seekers in Queensland including financial and material aid, housing assistance and other support.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Torres Strait Islands Seawalls and Coastal Inundation Mitigation Upgrades	—	—	—	—	—

The Government is providing additional funding of \$20 million over three years from 2018-19, held centrally, pending an Australian Government commitment to match funding. This measure will continue inundation mitigation works on five outer Torres Strait Islands, which will protect infrastructure and communities on these islands from rising sea levels and the impacts of coastal inundation.

Department of Natural Resources, Mines and Energy

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Solar Thermal Plant Capital Contribution	—	50,000	—	—	—

Delivering on our election commitments, the Government is providing additional funding of \$50 million in 2018-19 as a capital grant to support the development of concentrated solar thermal with storage projects to provide clean baseload power.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Affordable Energy Plan	18,200	27,000	24,800	—	—

The Government has provided additional funding of \$70 million over three years which forms part of the Affordable Energy Plan to reduce and better manage Queenslanders’ energy use and costs. This supports customers with energy savings, increases access to solar and batteries and incorporates a business energy savers program.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Coal Mine Workers’ Health Scheme	7,565	9,468	—	—	—

The Government has provided increased funding of \$17 million over two years for the Coal Mine Workers’ Health Scheme to take action to ensure the regulatory framework for safety and health in the resources sector is contemporary and effective.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Coal Seam Gas Compliance Unit	—	3,369	—	—	—

The Government is providing additional funding of \$3.4 million in 2018-19 for the continued support of community engagement and resource industry compliance activities for the petroleum and gas, coal and mineral sectors.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Water Regional Alliance Program	—	1,050	1,050	1,050	1,050

The Government is providing additional funding of \$4.2 million over four years to retain and expand the Queensland Water Regional Alliance Program. The program is managed by the Local Government Association of Queensland and represents an effective mechanism to develop regional economies of scale to realise the four dimensions of water - security, reliability of supply, water quality and appropriate water pricing.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Gas Action Plan	3,181	936	300	—	—

Delivering on our election commitments, the Government has provided additional funding of \$4.4 million over three years to promote the development of the gas sector and bring supply to market through the Gas Action Plan.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Extending Existing Drought Relief Arrangements	—	—	—	—	—

The Government is providing funding of up to \$10.4 million in 2018-19, held centrally, as part of the extension of drought relief arrangements to continue to provide relief to farming customers from fixed charges for electricity accounts that are used to pump water for farm or irrigation purposes during periods of drought.

The Drought Assistance Package is a total of up to \$34.6 million in 2018-19 to support drought affected communities across the State. Further details can be found in the Department of Agriculture and Fisheries section of this chapter and in the Department of Natural Resources, Mines and Energy section of Chapter 4 Revenue Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Government Action on North Stradbroke Island (Minjerribah)	—	—	—	—	—

Funding of \$3.9 million over two years from 2017-18 has been internally reprioritised by the department to coordinate action on North Stradbroke Island (Minjerribah). This supports the rehabilitation of sand mining areas and improves employment and economic opportunities beyond sand mining.

Further funding can be found in the Department of Environment and Science and Department of State Development, Manufacturing, Infrastructure and Planning sections of this chapter and in the Department of Environment and Science section of Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Linc Energy Mine Site	—	—	—	—	—

Funding of \$7.1 million is being internally reprioritised to 2018-19 by the department to provide ongoing site security, management and remediation of infrastructure works at the Linc site.

The capital component of this measure related to the Department of Natural Resources, Mines and Energy can be found in Chapter 3 Capital Measures.

Department of State Development, Manufacturing, Infrastructure and Planning

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Building our Regions	—	35,000	17,500	17,500	—

Delivering on our election commitments, the Government is providing increased funding of \$70 million over three years for Round 4 of Building our Regions to deliver critical infrastructure for the regions. Total funding for the Building Our Regions - Regional Infrastructure Fund is \$445 million over six years, from 2015-16 to 2020-21.

The purpose of the program is to provide funding for critical infrastructure in regional areas of the State that meet the specific needs of regional communities and supports economic development, including generating jobs.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Resource Recovery Industry Development Program	—	30,000	50,000	20,000	—

The Government is providing additional funding of \$100 million over three years to support Queensland’s resource recovery and recycling industry through the Resource Recovery Industry Development Program. The department will work with local governments and private sector enterprises to help them find innovative and cost effective solutions to the problem of waste going to landfill.

This measure will be funded by revenue collected from the Waste Disposal Levy. Further details can be found in the Department of Environment and Science and Department of Local Government, Racing and Multicultural Affairs sections of this chapter and the Department of Environment and Science section of Chapter 4 Revenue Measures.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Made	4,000	10,000	13,000	13,000	—

Delivering on our election commitments, the Government has provided additional funding of \$30 million over four years from 2017-18 to 2020-21 to establish manufacturing hubs in Cairns, Townsville and Rockhampton and \$10 million over four years from 2017-18 to 2020-21 for defence supply chain logistics hubs in Townsville and Ipswich.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Reconstruction Authority Disaster Resilience Fund	—	9,500	9,500	9,500	9,500

The Government is providing additional funding of \$38 million over four years to establish the Disaster Resilience Fund (DRF). The DRF funds local governments, State agencies and non-government organisations to deliver mitigation and resilience projects.

The Queensland Reconstruction Authority (QRA) leads disaster recovery as well as mitigation and resilience policy on behalf of the Queensland Government.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Reconstruction Authority Bluewater Trail and Queens Park Revitalisation	—	8,864	—	—	—

The Government is providing additional funding of \$8.9 million in 2018-19 for the Bluewater Trail and Queens Park revitalisation in Mackay. The program is being managed by the Queensland Reconstruction Authority.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Advancing Queensland’s Biofuture (Biofutures Acceleration Program II)	—	5,000	—	—	—

The Government is providing increased funding of \$5 million in 2018-19 for Waste to Energy projects facilities, which turn urban waste into renewable energy and bioproducts.

This funding will be used to support the testing and establishment of small-scale innovative technologies suitable for deployment in regional areas promoting a wide range of energy products derived from waste materials.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Reconstruction Authority Whitsunday Regional Council Administration Building	—	4,500	500	—	—

The Government is providing additional funding of \$5 million over two years to Whitsunday Regional Council for reconstruction of the council administration building, including the local disaster coordination centre.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Reconstruction Authority Beach Restoration and Mitigation	—	3,562	1,000	—	—

The Government is providing additional funding of \$4.6 million over two years to determine best long-term solutions to help prevent erosion prior to sand replenishment at Midge Point and Lambert Beach and the construction of new rock groynes on St Helen’s Beach.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Government Action on North Stradbroke Island (Minjerribah) - Economic Transition Strategy	1,500	3,250	—	—	—

The Government has provided increased funding of \$4.8 million over two years towards projects to develop the North Stradbroke Island Economic Transition Strategy. The Strategy will address the impacts of the cessation of sand mining on North Stradbroke Island (Minjerribah) in 2019.

Further funding can be found in the Department of Environment and Science and Department of Natural Resources, Mines and Energy sections of this chapter and in the Department of Environment and Science section of Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Strong and Sustainable Resources	200	2,300	—	—	—

The Government has provided additional funding of \$2.5 million over two years to implement and administer the requirements of the *Strong and Sustainable Resource Communities Act 2017*. The object of this Act is to implement a ‘locals first’ program, legislating against the use of a 100% fly-in, fly-out (FIFO) workforce for the operation of mines located near a regional community.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Government Action on North Stradbroke Island (Minjerribah) - One Mile Infrastructure Works	—	500	500	—	—

The Government is providing increased funding of \$1 million over two years for urgent Infrastructure works at One Mile.

This project is part of a suite of projects with Quandamooka Yoolooburrabee Aboriginal Corporation for Government Action on North Stradbroke Island (Minjerribah). Further funding can be found in the Department of Environment and Science and Department of Natural Resources, Mines and Energy sections of this chapter and in the Department of Environment and Science section of Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Reconstruction Authority Disaster Recovery Services Donation Management	—	400	400	400	—

The Government is providing increased funding of \$1.2 million over three years to coordinate an arrangement with service providers to register and match donations with community needs resulting from disaster events, on behalf of the Queensland Government.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Advance Queensland Industry Attraction Fund	—	—	—	—	—

The Government has provided increased funding of \$65 million over four years from 2017-18, held centrally, to the Advance Queensland Industry Attraction Fund. This increase, which includes a \$40 million extension over 2 years, brings the total funding to \$105 million.

This fund is focused on achieving the Queensland Government’s objectives of employment creation, regional growth and encouraging innovation. It will seek to further diversify economic activity by harnessing growth in emerging industries and value adding to existing industries.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Expansion of the Jobs and Regional Growth Fund	—	—	—	—	—

The Government is providing increased funding of \$20 million in 2018-19, held centrally, to assist businesses and projects that will generate economic development and employment opportunities in regional Queensland. This increase brings the total funding to \$150 million over three years from 2016-17.

Queensland Treasury and the Department of State Development, Manufacturing, Infrastructure and Planning are jointly responsible for the fund. This initiative can also be found in the Queensland Treasury section of this chapter.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Gasfields Commission Queensland Implementation of Government recommendations arising from the Scott Review	—	—	—	—	—

Funding of \$400,000 in 2018-19 has been internally reprioritised by the department to assist with implementing recommendations arising from the Independent Review of the Gasfields Commission Queensland and Associated Matters.

The funding will assist the Government to meet commitments arising from the Review to secure gas supply through proactive communications and engagement strategy.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Government Action on North Stradbroke Island (Minjerribah) - Bushfire Management Plans	900	—	—	—	—

The Government has provided increased funding of \$900,000 in 2017-18 to work in collaboration with the Quandamooka Yoolooburrabee Aboriginal Corporation to develop bushfire management plans for townships on North Stradbroke Island (Minjerribah).

This project is part of a suite of projects for Government Action on North Stradbroke Island (Minjerribah). This project will be managed by the Queensland Reconstruction Authority. Further funding can be found in the Department of Environment and Science and Department of Natural Resources, Mines and Energy sections of this chapter and in the Department of Environment and Science section of Chapter 3 Capital Measures.

Budget Measures 2018-19					
	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Hydrogen Industry and Energy Opportunity	—	—	—	—	—
Funding of \$750,000 in 2018-19 has been internally reprioritised by the department to support the investigation of local opportunities, capability and capacity to produce and supply hydrogen at a competitive price to alternative energy sources.					
	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Made in Queensland	5,000	—	10,000	5,000	—
Delivering on our election commitments, the Government has provided increased funding of \$20 million over three years to the Made in Queensland grants program. This increase brings the total funding to \$40 million over four years from 2017-18 to support the manufacturing sector to become more internationally competitive, increase productivity and adopt new processes and technologies.					

Department of the Premier and Cabinet

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Screen Queensland Production Attraction Strategy	10,000	10,000	—	—	—

Delivering on our election commitments, the Government has provided increased funding of \$20 million over two years, with total funding of \$50 million over four years from 2015-16, to grow a pipeline of large-scale film and high-end television productions in Queensland. This measure includes \$200,000 to develop a Far North Queensland screen production strategic plan.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Screen Production Facility	—	3,829	2,724	2,724	2,724

The Government is providing additional funding of \$12 million over four years for Screen Queensland to establish a screen production facility in Brisbane. The 2018-19 funding includes a \$1 million capital grant to fit out the property.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Continuation of the Events Sponsorship Fund	—	3,500	3,500	3,500	—

The Government is providing increased funding of \$10.5 million over three years, with total funding of \$14.5 million over five years from 2016-17. This will support the continued operation of the Events Sponsorship Fund to drive economic and community benefits through the attraction, leveraging and delivery of high value events.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Ministerial Offices	—	2,769	1,250	3,299	3,299

The Government is providing increased funding of \$10.6 million over four years to provide support to Ministerial Offices.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Regional Office Initiative	—	709	941	964	—

The Government is providing increased funding of \$2.6 million over three years to continue stakeholder engagement, increase the Government’s regional presence and deliver on its commitment to build strong regional economies and communities.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Supporting Veterans - Grants	—	500	500	500	—

Delivering on our election commitments, the Government is providing additional funding of \$1.5 million over three years for a grants program for veterans’ groups and other organisations for the creation, upkeep and renovation of monuments, memorials and other public sites recognising veterans’ achievements.

This forms part of the Government’s \$4.3 million Supporting Veterans initiative. Further funding can be found in the Department of Communities, Disability Services and Seniors section of this chapter and in the Department of Communities, Disability Services and Seniors section of Chapter 3 Capital Measures.

Department of Transport and Main Roads

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Rail Transport Services	—	225,985	221,828	291,514	364,670

The Government is providing increased funding of \$1.104 billion over four years for the contract extension commencing 1 July 2018 for the provision of rail transport services.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Station Upgrades and Park’n’Ride facilities	1,860	9,570	21,290	32,460	42,459

Delivering on our election commitments, the Government has provided increased funding of \$107.6 million over five years to support rail station upgrades and expansion of park’n’ride facilities.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Derelict Vessels Enforcement Program	—	5,000	5,000	5,000	5,000

The Government is providing additional funding of \$20 million over four years to address the number of derelict vessels accumulating along Queensland’s coastline that are a concern to waterway users and the general public and pose environmental safety and amenity issues.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
National Marine Safety Regulator	—	4,860	3,830	2,840	1,620

The Government is providing additional funding of \$13.8 million over five years from 2018-19 to ensure that the transfer of full service delivery responsibilities for the administration of the safety of domestic commercial vessels on 1 July 2018 to the Australian Government is undertaken in a sustainable manner decreasing the impact on commercial operators based in Queensland.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Camera Detected Offence Program	—	2,689	4,967	4,831	5,385

The Government is providing increased funding of \$17.9 million over four years for road safety education and awareness programs and to improve the safety of the sections of state-controlled roads where accidents happen most frequently.

The Government is providing total increased funding of \$166.6 million over four years across departments as part of the Camera Detected Offence Program. Further funding can be found in the Queensland Police Service and Queensland Treasury sections of this chapter. The capital component of this measure can be found in the Department of Transport and Main Roads and Queensland Police Service sections of Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
New Public Transport Ticketing System	—	2,000	2,500	3,500	—

The Government is providing \$8 million over three years for trials and pilots associated with implementing the new public transport ticketing system in Queensland. Further funding can be found in Chapter 3 Capital Measures.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
School Transport Infrastructure Program	—	2,000	5,000	6,500	6,500

The Government is providing additional funding of \$20 million over four years to establish a School Transport Infrastructure Program. This program will operate in conjunction with local councils and will provide funding towards school transport-related infrastructure upgrades, including vehicle turnaround or parking facilities, and stop drop and go areas. It is intended that funding would be matched 50:50 by councils, effectively delivering a \$40 million total funding pool over the life of the program.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Eastern Transitway	200	1,800	8,000	12,000	—

Delivering on our election commitments, the Government has provided additional funding of \$22 million over four years to deliver the Eastern Transitway with upgrades to five major intersections, located at Cavendish Road, Bennetts Road, Boundary Road, Gallipoli Road and Creek Road, which will include bus priority measures on Old Cleveland Road.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Bus Driver Wage Parity in Cairns and Sunshine Coast	2,082	1,466	—	—	—

The Government has provided additional funding of \$3.5 million over two years to meet the cost of wage claims for Sunshine Coast and Cairns bus drivers through to the end of calendar year 2018.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Passenger Transport Infrastructure Investment Program (PTIIP) supplement	—	1,000	5,500	6,500	7,000

The Government is providing increased funding of \$20 million over four years to increase the provision of shaded structures, such as shelters, at key passenger transport facilities to provide requisite levels of customer amenity where need exists.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Walking Strategy	—	500	1,000	1,000	—

Delivering on our election commitments, the Government is providing additional funding of \$2.5 million over three years to develop and implement a Queensland Walking Strategy that is focused on getting people to walk as a mode of transport.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Beams Road Overpass Investigation	20	150	230	—	—

Delivering on our election commitments, the Government has provided additional funding of \$400,000 over three years for a feasibility study into an overpass at the Beams Road level crossing at Carseldine.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Bus Driver Safety	—	—	—	—	—

Funding of \$7 million over two years from 2017-18 has been internally reallocated by the department for bus driver safety initiatives. This includes funding for a grants program to roll out driver security barriers on high risk services, installation of anti-shatter film in the remaining 50% of the urban fleet and a comprehensive public awareness campaign.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Future Proofing the Bruce	—	—	5,000	5,000	—

Delivering on our election commitments, the Government will provide additional funding of \$10 million over two years to develop a 15-year vision and initial Action Plan to identify and prioritise projects to be delivered as part of upgrades to the Bruce Highway. The capital component of this initiative can be found in Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
M1 Pacific Motorway - Eight Mile Plains to Logan Motorway Planning	—	—	8,000	8,000	—

Delivering on our election commitments, the Government will provide additional funding of \$16 million over two years to develop a business case for future upgrades of the M1 corridor between Eight Mile Plains and the Logan Motorway.

This brings total additional funding for planning and upgrades to the M1 Pacific Motorway to \$897.5 million. Further funding for the M1 Pacific Motorway can be found in Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Mooloolah River Interchange	—	—	—	—	—

Funding of \$7.5 million over two years from 2018-19 has been internally reallocated by the department to complete planning and business case development for the Mooloolah River Interchange (MRI) project. The MRI project is located at Mooloolaba on a key section of the state-controlled road network, connecting the Sunshine Motorway and Nicklin Way on the Sunshine Coast.

Budget Measures 2018-19

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
New Generation Rollingstock Business Operating Model	9,250	—	—	—	—

The Government has provided additional funding of \$9.3 million in 2017-18 for rail transport service contract expenses to support the business operating model for the introduction of the New Generation Rollingstock fleet.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Transport Infrastructure Development Scheme	—	—	—	—	—

An additional \$30 million has been reallocated internally by the department in 2021-22 for the Transport Infrastructure Development Scheme (TIDS). TIDS is the grants program through which the department provides funding to local government for targeted investment in transport-related infrastructure.

Electoral Commission of Queensland

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Prohibited Donor Scheme	—	526	311	318	324

The Government is providing funding of \$1.5 million over four years to support the implementation of a prohibited donors scheme.

Legislative Assembly of Queensland

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
2017 Electoral Boundary Redistribution and Election	3,384	2,772	2,772	2,772	2,772

The Government has provided additional funding of \$14.5 million over five years and \$2.8 million per annum ongoing to meet costs associated with the 2017 Electoral Boundary Redistribution and the State election in 2017. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Parliamentary Annexe Lift Upgrade Program	60	60	60	60	60

The Government has provided increased funding of \$60,000 per annum from 2017-18 to maintain and operate the upgraded Parliamentary Annexe low-rise lifts and service lift. The capital component of this measure can be found in Chapter 3 Capital Measures.

Public Safety Business Agency

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Queensland Government Air Aircraft Maintenance and Compliance	—	2,899	—	—	—

The Government is providing additional funding of \$2.9 million in 2018-19 to ensure Queensland Government Air’s (QGAir) fleet continues to be compliant with Civil Aviation Safety Authority requirements. This funding enables QGAir to continue to support the emergency helicopter network across the State for search and rescue, natural disasters, police and aeromedical operations and provide fixed wing transport services for police, government and organ transfer. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Public Safety Regional Radio Communications	—	—	—	—	—

The Government will provide additional funding of \$26.9 million, held centrally, to ensure Queensland Fire and Emergency Services complies with Australian Communications and Media Authority requirements.

Public Service Commission

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Integrity Commissioner’s Expanded Advisory and Public Awareness Role	—	331	350	366	382

The Government is providing increased funding of \$1.4 million over four years and \$382,000 per annum ongoing to assist with the significant expansion of the Integrity Commissioner’s jurisdiction. The Queensland Government has supported recommendations in the Belcarra Report, and the most recent Strategic Review of the functions of the Integrity Commissioner, to reduce barriers and significantly broaden the range of persons who can seek the Integrity Commissioner’s advice.

Queensland Corrective Services

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Borallon Training and Correctional Centre - Final Stage Recommissioning	600	6,941	6,941	6,941	6,941

The Government has provided increased funding of \$28.4 million over five years and \$6.9 million per annum ongoing for the final stage recommissioning and operation of the Borallon Training and Correctional Centre.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Probation and Parole Service Funding	—	6,500	2,900	—	—

The Government is providing increased funding of \$9.4 million over two years to maintain probation and parole staffing levels.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Correctional Centre Health Services	—	2,862	—	—	—

The Government is providing additional funding of \$2.9 million in 2018-19 to improve service delivery for prisoners with a disability or mental illness.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Expansion of the Bail Support Program	—	1,222	1,253	1,456	—

The Government is providing increased funding of \$3.9 million over three years to expand the bail support program. The program is designed to reduce re-offending while on bail, increase court appearance and provide a viable alternative to remand.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Tackling Alcohol Fuelled Violence Program - Safe Night Precinct Support Services	—	1,154	—	—	—

The Government is providing increased funding of \$1.2 million in 2018-19 to continue supervised community service projects implemented within Safe Night Precincts across Queensland.

This forms part of the Government’s Tackling Alcohol Fuelled Violence Program. Further details of this funding can be found in the Queensland Police Service, Department of Communities, Disability Services and Seniors and Department of Justice and Attorney-General sections of this chapter.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Aurukun Prisoner Reintegration Program	—	512	—	—	—

The Government is providing increased funding of \$512,000 in 2018-19 to continue the prisoner reintegration program in Aurukun.

This forms part of the Government’s overall package of \$1.6 million to continue the Aurukun Four Point Plan in 2018-19 to address safety and support the community. Further funding can be found in the Department of Aboriginal and Torres Strait Islander Partnerships and Department of Justice and Attorney-General sections of this chapter.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Domestic and Family Violence Response - Specialist Domestic and Family Violence Courts	—	443	453	464	416

The Government is providing additional funding of \$1.8 million over four years and \$416,000 per annum ongoing, to expand the Townsville Specialist Domestic and Family Violence (DFV) Court (including circuit courts in Mount Isa and Palm Island) to include criminal domestic and family violence matters.

Total funding for the expansion of the Townsville Specialist DFV Court is \$8.1 million over four years and \$2.3 million per annum ongoing. Further funding can be found in the Department of Justice and Attorney-General, Queensland Police Service and the Department of Child Safety, Youth and Women sections of this chapter.

Queensland Fire and Emergency Services

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Additional Firefighters	—	3,590	6,070	8,670	11,202

Delivering on our election commitments, the Government is providing additional funding of \$29.5 million over four years and \$11.2 million per annum ongoing for an additional 100 firefighters and 12 fire communication officers to help the community prevent, prepare for, respond to and recover from the impact of fire and emergency events.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
State Emergency Service on-boarding to the Government Wireless Network in South East Queensland	—	3,000	4,000	1,350	950

The Government is providing additional funding of \$15 million over 10 years to enable the State Emergency Service (SES) on-boarding to the Government Wireless Network in South East Queensland, to support volunteers and local government and enhance an integrated emergency response.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Non Conforming Building Products Audit Task Force	504	50	—	—	—

The Government has provided additional funding of \$554,000 over two years to support the Queensland Fire and Emergency Services’ role on the Non Conforming Building Products Audit Taskforce. An additional \$359,000 has also been internally reprioritised by the department in 2017-18 to fund this measure, bringing total funding to \$913,000.

This forms part of the Government’s total funding package of \$7.6 million over two years to support taskforce operations in assessing the critical safety risks posed by combustible cladding on Government and non-Government buildings throughout Queensland. Further funding can be found in the Department of Housing and Public Works section of this chapter.

Queensland Health

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Specialist Outpatient Strategy	—	77,360	77,360	—	—

Delivering on our election commitments, the Government is providing increased funding of \$154.7 million over two years to extend the Specialist Outpatient Strategy, to ensure patients continue to have timely access to specialist outpatient appointments.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Nurse Navigators	—	—	53,904	55,663	—

Delivering on our election commitments, the Government will provide increased funding of \$109.6 million over two years to increase the number of Nurse Navigators in Hospital and Health Services to 400. Nurse Navigators ensure patients with chronic illnesses find the care most appropriate to their needs, and play a vital role in coordinating clinical services and reducing preventable admissions to hospitals.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Midwives	13,700	14,100	14,400	14,800	—

Delivering on our election commitments, the Government has provided additional funding of \$57 million over four years to employ an additional 100 midwives across Queensland to strengthen maternity services.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Deadly Choices Healthy Lifestyle Program	8,000	8,000	—	—	—

Delivering on our election commitments, the Government has provided increased funding of \$16 million over two years to further expand the Deadly Choices Healthy Lifestyle Program. This program aims to empower Aboriginal and Torres Strait Islander people to make healthy choices for themselves and their families to stop smoking, eat healthy food and exercise daily.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Rockhampton Drug Treatment and Rehabilitation Facility	—	—	1,480	3,320	—

Delivering on our election commitments, the Government will provide additional funding of \$4.8 million over two years for a new 42-bed residential drug rehabilitation and treatment facility in Rockhampton. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Building Better Hospitals - Cancer Council Queensland Lodges	—	5,000	—	—	—

Delivering on our election commitments, the Government is providing additional funding of \$5 million in 2018-19 to work in partnership with the Cancer Council Queensland to refurbish the accommodation lodges for cancer patients in Townsville, Toowoomba and Herston, Brisbane. Total funding included in the Building Better Hospitals package is \$679 million. The capital component of this measure can be found in Chapter 3 Capital Measures.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Operational Growth Funding	—	152,722	62,916	11,651	327,182

The Government is providing increased funding of \$554.5 million over four years to support the ongoing growth in demand for health and ambulance services.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Ambulance Service - Classification Structure	33,980	57,997	100,087	107,630	107,630

The Government has provided additional funding of \$192.1 million over three years from 2017-18 and \$107.6 million per annum ongoing from 2020-21 to implement a new, contemporary classification and remuneration structure for Queensland Ambulance Service employees.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Sunshine Coast University Hospital	—	25,481	28,544	29,184	30,022

The Government is providing additional funding of \$113.2 million over four years to meet operating costs associated with the Sunshine Coast University Hospital.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Community Helicopter Providers	—	7,612	—	—	—

The Government is providing additional funding of \$7.6 million in 2018-19, with an ongoing indexed annual provision for this amount to be held centrally, for community helicopter providers to support Queensland’s Emergency Helicopter Network services.

Budget Measures 2018-19

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Correctional Centre Health Services	—	5,090	—	—	—

The Government is providing additional funding of \$5.1 million in 2018-19 to support more clinical staff to meet increasing demand for health services in Queensland correctional facilities.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Youth Justice - Specialist Mental Health Youth Forensic Assessment	—	—	—	—	—

Funding of \$4.7 million over three years from 2018-19 is being internally reprioritised by the department to improve mental health assessments of young people in the youth justice system.

This forms part of the Government’s total funding of \$40.7 million over four years (\$22.3 million new funding and \$18.4 million reprioritised funding) for youth justice support measures. Further details can be found in the Department of Child Safety, Youth and Women, Department of Education, and Department of Housing and Public Works sections of this chapter and the Queensland Health section of Chapter 3 Capital Measures.

Queensland Police Service

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Increased Counter-Terrorism Capability	5,466	15,695	16,158	16,531	16,910

Delivering on our election commitments, the Government has provided additional funding of \$53.8 million over four years from 2017-18 and \$16.9 million per annum ongoing from 2021-22 for 85 counter terrorism officers and specialists and the establishment of a Security and Counter-Terrorism Command.

This forms part of the Government’s commitment to an additional 535 frontline police and operational specialists in priority areas across the State, which includes 30 counter-terrorism police officers and 20 police officers announced in the 2017-18 Budget. Further details can be found in this section and Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Police Officers	—	12,574	31,817	51,998	73,155

Delivering on our election commitments, the Government is providing additional funding of \$169.5 million over four years and \$81.5 million per annum ongoing from 2022-23 for 400 police officers in high priority areas across the State.

This forms part of the Government’s commitment to an additional 535 frontline police and operational specialists in priority areas across the State, which includes 30 counter-terrorism police officers and 20 police officers announced in the 2017-18 Budget. Further details can be found in this section and Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Tackling Alcohol Fuelled Violence - Safe Night Precincts	2,500	5,000	5,000	5,000	2,500

Delivering on our election commitments, the Government has provided increased funding of \$20 million over five years to continue to support the presence of police officers in Safe Night Precincts.

This forms part of the Government’s Tackling Alcohol Fuelled Violence Program. Further details of this funding can be found in the Queensland Corrective Services, Department of Communities, Disability Services and Seniors and Department of Justice and Attorney-General sections of this chapter.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
GPS Tracking of Defendants on Bail	749	2,572	—	—	—

The Government has provided additional funding of \$3.3 million over two years to provide courts the capacity to impose a condition under the *Bail Act 1980* for an electronic tracking device to be worn by defendants released on bail.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Additional QLiTE Devices	—	1,950	1,970	2,000	—

Delivering on our election commitments, the Government is providing increased funding of \$5.9 million over three years to provide frontline police officers with an additional 1,400 QLiTE mobile tablet devices.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Camera Detected Offence Program	—	794	1,240	1,690	2,247

The Government is providing increased funding of \$6 million over four years and \$2.2 million per annum ongoing to reduce incidents of road trauma.

The Government is providing total increased funding of \$166.6 million over four years across departments as part of the Camera Detected Offence Program. Further funding can be found in the Department of Transport and Main Roads and Queensland Treasury sections of this chapter. The capital component of this measure can be found in the Queensland Police Service and Department of Transport and Main Roads sections of Chapter 3 Capital Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
National Disability Insurance Scheme - National Clearance Database	—	400	—	—	—

The Government is providing additional funding of \$400,000 in 2018-19 for the development of a Queensland Police Service electronic interface with the National Clearance Database for the National Disability Insurance Scheme (NDIS). From 1 July 2019, this database will contain a register of cleared and excluded workers from all jurisdictions, reducing the potential for providers to employ workers who pose an unacceptable risk of harm to NDIS participants.

Total funding associated with the National Clearance Database is \$1.7 million over three years. Further funding can be found in the Department of Communities, Disability Services and Seniors section of this chapter and the Queensland Police Service section of Chapter 3 Capital Measures.

Budget Measures 2018-19					
	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Domestic and Family Violence Response - Specialist Domestic and Family Violence Courts	—	263	878	899	919

The Government is providing additional funding of \$3 million over four years and \$919,000 per annum ongoing to support the expansion of the Townsville Specialist Domestic and Family Violence (DFV) Court (including circuit courts in Mount Isa and Palm Island) to include criminal DFV matters.

Total funding for the expansion of the Townsville Specialist DFV Court is \$8.1 million over four years and \$2.3 million per annum ongoing. Further funding can be found in the Department of Justice and Attorney-General, Queensland Corrective Services and the Department of Child Safety, Youth and Women sections of this chapter.

Queensland Treasury

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Expansion of the Jobs and Regional Growth Fund	—	20,000	—	—	—

The Government is providing increased funding of \$20 million in 2018-19 for the Jobs and Regional Growth Fund to continue the Jobs and Regional Growth Package. The fund will help facilitate private sector projects which create employment and economic growth opportunities in regional Queensland by focussing on regions with higher than average unemployment. This increase brings the total funding to \$150 million over three years from 2016-17.

Queensland Treasury and the Department of State Development, Manufacturing, Infrastructure and Planning are jointly responsible for the fund. This initiative can also be found in the Department of State Development, Manufacturing, Infrastructure and Planning section of this chapter.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Camera Detected Offence Program	—	1,703	2,406	2,622	2,843

The Government is providing increased funding of \$9.6 million over four years to reduce incidents of road trauma.

The Government is providing total increased funding of \$166.6 million over four years across departments as part of the Camera Detected Offence Program. Further funding can be found in the Queensland Police Service and Department of Transport and Main Roads sections of this chapter. The capital component of this measure can be found in the Queensland Police Service and Department of Transport and Main Roads sections of Chapter 3 Capital Measures.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Extension to First Home Owners' Grant	19,600	32,000	—	—	—

Delivering on our election commitments, the Government has provided increased funding of \$51.6 million over two years to extend the temporary increase in the Queensland First Home Owners' Grant from \$15,000 to \$20,000 for six months between 1 January 2018 and 30 June 2018 inclusive, for the purchase or construction of new dwellings valued at less than \$750,000.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Move Up In The World - Attracting Business Investment and Migration to Queensland	1,000	—	—	—	—

The Government has provided additional funding of \$1 million in 2017-18 for the Move Up In The World campaign. This is a targeted communication campaign to encourage interstate business investment and migration to Queensland for the Government's priority industries.

3 Capital Measures

Introduction

The following tables present the relevant portfolio capital measures relating to decisions taken since the 2017-18 Budget. This does not represent the full amount of additional funding provided to agencies since the 2017-18 Budget. For further explanation, refer to Explanation of Scope and Terms in Chapter 1.

Department of Agriculture and Fisheries

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Restoration of Jimna Fire Tower	—	1,000	500	—	—

The Government is providing additional funding of \$1.5 million over two years to restore the Jimna fire tower that is listed on the Queensland Heritage Register.

Department of Child Safety, Youth and Women

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Information and Communication Technology (ICT) Infrastructure Investment	—	2,800	—	—	—

The Government is providing increased funding of \$2.8 million in 2018-19 to continue the Social Investment ICT Program and Child and Family Services Information and Communication Technology Program.

Department of Communities, Disability Services and Seniors

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Supporting Veterans - The Oasis Townsville Defence Hub	2,600	—	—	—	—

Delivering on our election commitments, the Government has provided additional funding of \$2.6 million in 2017-18 to refurbish a government-owned building for The Oasis Townsville to provide a one-stop shop for welfare support and employment transition services to ex-Australian Defence Force personnel and their families.

This forms part of the Government’s total funding package of \$4.3 million for the Supporting Veterans initiative. Further funding can be found in the Department of Communities, Disability Services and Seniors and the Department of the Premier and Cabinet sections of Chapter 2 Expense Measures.

Department of Education

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Advancing Clean Energy Schools	2,000	47,000	48,000	—	—

Delivering on our election commitments, the Government has provided additional funding of \$97 million over three years for solar and energy efficiency measures for clean energy schools.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Building Future Schools Fund	—	30,000	164,400	22,080	51,520

Delivering on our election commitments, the Government is providing additional funding of \$308 million over six years from 2018-19, bringing total funding to \$808 million across seven years to deliver world class learning environments for students and to address enrolment growth pressures in state schools.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Renewing our Schools	—	15,000	70,000	70,000	80,000

The Government is providing additional funding of \$235 million over four years to substantially refurbish and upgrade 17 high schools across the State, with each school to receive at least \$10 million.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
School Renewal	—	10,000	15,600	—	—

The Government is providing additional funding of \$25.6 million over two years to deliver renewal works at 31 state schools.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Implementation of the <i>Labour Hire Licensing Act 2017</i>	716	—	—	—	—

Delivering on our election commitments, the Government has provided additional funding of \$716,000 in 2017-18 for the implementation of an online licensing system to manage the mandatory business licensing scheme associated with the Labour Hire Licensing Act. The expense component of this measure can be found in Chapter 2 Expense Measures. The revenue component of this measure can be found in Chapter 4 Revenue Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Yarrabilba State School Integrated Children’s Services Community Hub	3,600	—	—	—	—

The Government has provided additional funding of \$3.6 million in 2017-18 to meet the needs of the rapidly growing community of Yarrabilba. When it is completed in August 2018, the Hub will offer child and maternal health services, children’s activities such as playgroups and consulting rooms for visiting specialists.

Department of Employment, Small Business and Training

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Advancing Our Training Infrastructure	—	30,000	30,000	25,000	—

Delivering on our election commitments, the Government is providing additional funding of up to \$85 million over three years in the redevelopment, refurbishment and expansion of six identified high-need TAFE facilities. Funding is provided for training sites at Pimlico, Cairns, Mount Gravatt and Toowoomba, and other training infrastructure within the regions of the Gold Coast and Redlands.

Department of Environment and Science

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
New Performing Arts Venue at the Queensland Performing Arts Centre	—	5,000	50,000	50,000	20,000

The Government is providing additional funding of \$125 million over four years to build a new performing arts venue at the Queensland Performing Arts Centre, benefitting Queensland artists and audiences.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Cultural Centre - Critical Infrastructure Asset Renewal	—	4,928	3,522	—	—

The Government is providing additional funding of \$8.5 million over two years to provide critical infrastructure upgrade works at the Queensland Museum and to install two further cooling towers within the central energy plant at the Queensland Cultural Centre, South Bank.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Cultural Centre - Electricity Supplementation and Future Energy Efficiency	—	1,800	3,150	4,050	—

The Government is providing additional funding of \$9 million over three years to implement sustainability and energy efficiency measures at the Queensland Cultural Centre, South Bank, to improve energy performance whilst lowering energy consumption and greenhouse gas emissions. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Critical Infrastructure Asset Renewal and Equipment Replacement at the Queensland Performing Arts Centre	—	1,500	1,800	—	—

The Government is providing additional funding of \$3.3 million over two years to address urgent and unavoidable critical infrastructure works at the Queensland Performing Arts Centre.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
National Parks Harsh Environment Fire Vehicles	—	200	—	—	—

The Government is providing increased funding of \$200,000 in 2018-19 towards accessory fitouts for vehicles operating in harsh environments in Queensland’s Protected Area Estate to ensure the continued safety of staff, property and the community. The expenses component of this measure can be found in Chapter 2 Expense Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Government Action on North Stradbroke Island (Minjerribah)	1,690	113	—	—	—

The Government has provided increased funding of \$1.8 million over two years for the expansion of the protected area over North Stradbroke Island (Minjerribah) as part of joint management arrangements with traditional owners to construct visitor and management infrastructure.

The expense components of this measure can be found in the Department of Environment and Science, Department of Natural Resources, Mines and Energy and Department of State Development, Manufacturing, Infrastructure and Planning sections of Chapter 2 Expense Measures.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Protected Area Estate - Acquisition	—	—	—	—	—

The Government is providing additional funding of \$9.5 million in 2018-19, held centrally to support acquisition of properties of high conservation value to be added to Queensland’s Protected Area Estate. The Government is also providing additional funding of \$155,000 in 2019-20, held centrally to provide new infrastructure at acquired properties. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Protected Area Estate - Expansion	6,200	—	—	—	—

The Government has provided increased funding of \$6.2 million in 2017-18 to acquire property of high conservation value and undertake track works, signage infrastructure and fire break construction necessary for its addition to the Queensland Protected Area Estate. The expense component of this measure can be found in Chapter 2 Expense Measures.

Department of Housing and Public Works

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Thomas Dixon Centre Refurbishment	—	9,500	4,000	—	—

The Government is providing additional funding of \$8 million over two years towards the \$35 million expansion of the Thomas Dixon Centre, to provide enhanced performance facilities for Queensland Ballet. The Government is also allocating an additional \$5.5 million to manage costs and associated works required to maintain and preserve the heritage listed centre.

This is part of an overall package of \$14 million over two years towards the refurbishment of the Thomas Dixon Centre. The expense component of this measure can be found in Chapter 2 Expense Measures.

Department of Innovation, Tourism Industry Development and the Commonwealth Games

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Great Keppel Island Recovery Package	5,000	10,000	10,000	—	—

Delivering on our election commitments, the Government has provided additional funding of \$25 million over three years for a Great Keppel Island Recovery Package to deliver major tourism infrastructure improvements such as power and water connections to the mainland.

Department of Justice and Attorney-General

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Blue Card Services ‘No Card, No Start’	—	2,520	709	—	—

Delivering on our election commitments, the Government is providing additional funding of \$3.2 million over two years to implement an online Blue Card application system as part of the Government’s ‘No Card, No Start’ initiative. Funding of \$6.6 million over two years will also be reprioritised by the department internally to fund this measure, bringing total funding to \$9.8 million over two years. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Crime and Corruption Commission - Digital Investigative and Information Security Services	—	1,295	354	—	—

The Government is providing additional funding of \$1.6 million over two years to enhance the processing of digital evidence and to provide for a contemporary information security platform. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Anti-Discrimination Commission Queensland - Human Rights Act for Queensland	—	100	100	—	—

Delivering on our election commitments, the Government is providing additional funding of \$200,000 over two years for office and system enhancements required to support the operation and administration of a Human Rights Act. The expense component of this measure can be found in Chapter 2 Expense Measures.

Department of Local Government, Racing and Multicultural Affairs

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Implementing More Effective Funding Grants to Local Government	—	1,300	—	—	—

The Government is providing additional funding of \$1.3 million in 2018-19 to develop a new grants management system to improve and simplify the administration of grants to local government. This measure progresses the recommendations from the *Review of Grants to Local Government: Current and future state assessments*. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Northern Peninsula Area Water Supply System - Replacement of Asbestos Cement Pipelines	—	1,000	1,000	1,000	1,000

The Government is providing additional funding of \$5 million over five years to safeguard the security of the Northern Peninsula Area Water Supply System through the replacement of existing asbestos cement pipelines.

Department of Natural Resources, Mines and Energy

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Rookwood Weir	—	66,000	83,000	126,000	77,000

The Government is providing increased funding of \$176 million over four years, which is being matched by the Australian Government capital contribution of \$176 million to support the construction of the Rookwood Weir on the Fitzroy River. This will provide drought contingency supplies for Rockhampton, Gladstone and Yeppoon and support agriculture.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Glen Niven Dam	—	2,500	—	—	—

The Government is providing additional funding of \$2.5 million in 2018-19 to upgrade the Glen Niven Dam to meet dam safety requirements. The department has also internally reprioritised funding of \$2.5 million, bringing total funding to \$5 million.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Linc Energy Mine Site	—	—	—	—	—

Funding of \$1.6 million is being internally reprioritised to 2018-19 by the department to provide ongoing site security, management and remediation of infrastructure works at the Linc site. Further funding can be found in Chapter 2 Expense Measures.

Department of State Development, Manufacturing, Infrastructure and Planning

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Growth Area and Regional Infrastructure Investment Fund	—	—	—	—	—

The Government is providing additional funding of \$40 million over two years from 2018-19, held centrally, to invest in infrastructure that improves prosperity and liveability for Queenslanders living in outer urban and regional Queensland. A core focus of the program is accelerating new, or upgrading existing infrastructure that leads and supports growth and productivity.

Department of Transport and Main Roads

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
M1 Pacific Motorway - Eight Mile Plains to Daisy Hill	—	17,000	28,500	70,000	201,000

The Government is providing additional funding of \$366.5 million over five years towards delivering the \$749 million Eight Mile Plains to Daisy Hill project. The Australian Government has committed \$100 million to 2021-22.

This brings total additional State Government funding for new jointly-funded planning and upgrades on the M1 Pacific Motorway to \$897.5 million. Further funding for the planning of future upgrades to the M1 Pacific Motorway can be found in Chapter 2 Expense Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
M1 Pacific Motorway - Varsity Lakes to Tugun	—	5,000	15,000	70,000	220,000

The Government is providing additional funding of \$515 million over five years (including \$206 million as part of an election commitment) towards delivering the \$1.03 billion Varsity Lakes to Tugun upgrade. The Australian Government has committed \$55 million to 2021-22.

This brings total additional State Government funding for new jointly-funded planning and upgrades on the M1 Pacific Motorway to \$897.5 million. Further funding for the planning of future upgrades to the M1 Pacific Motorway can be found in Chapter 2 Expense Measures.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
New Public Transport Ticketing System	—	89,198	104,427	87,891	89,544

The Government is providing \$371.1 million over four years to develop the new public transport public ticketing system in Queensland. Further funding can be found in Chapter 2 Expense Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Beerburrum to Nambour Rail	—	14,407	59,470	143,963	142,951

The Government is providing additional funding of \$160.8 million over four years towards the Beerburrum to Nambour rail duplication project. The Australian Government has provided an initial \$390 million over five years towards this measure.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Smithfield Bypass	4,222	13,982	25,330	25,466	—

The Government has provided additional funding of \$69 million over four years from the State Infrastructure Fund for the Smithfield Bypass. This will bring total funding for the project to \$152 million. The Smithfield Bypass will deliver a new 3.8 kilometre-long road running parallel with the Captain Cook Highway to provide an alternative route between the McGregor Road intersection and Yorkeys Knob Road intersection.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Station Upgrades including Park 'n' Ride facilities	400	6,600	4,305	14,195	—

Delivering on our election commitments, the Government has provided increased funding of \$25.5 million over four years to significantly expand park'n'ride capacity at Greenbank and Eight Mile Plains bus stations.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Northern Transitway	200	5,800	10,000	30,000	7,000

Delivering on our election commitments, the Government has provided additional funding of \$53 million over five years for the Northern Transitway to deliver continuous dedicated bus lanes during peak hours from Chermside to Kedron - while retaining all existing lanes.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Centenary Motorway Upgrade	2,000	5,000	20,000	21,000	—

The Government has provided additional funding of \$48 million over four years from the State Infrastructure Fund for the Centenary Motorway upgrade bringing total funding to \$65 million. The Sumners Road Interchange upgrade will include the installation of traffic signals at two intersections to replace existing roundabouts and construction of a new two lane eastbound bridge, with active transport options including cycle lanes, shared paths and crossings.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Western Roads Upgrade Supplement	—	5,000	—	—	—

The Government is providing additional funding of \$5 million in 2018-19 for upgrades to roads in western Queensland to assist local governments to maintain local workforces. This is in addition to the \$140.6 million budgeted in the department’s 2018-19 capital program.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Marine Infrastructure Fund	—	4,600	25,400	—	—

Delivering on our election commitments, the Government is providing increased funding of \$30 million over two years to boost the Marine Infrastructure Fund. Projects will include boat ramps, barge landings, floating walkways and channel deepening.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
M1 Action Plan - Oxenford (Exit 57) Interchange Upgrade	—	3,000	12,000	10,000	—

Delivering on our election commitments, the Government is providing additional funding of \$25 million over three years for the upgrade of the Oxenford (Exit 57) interchange on the Pacific Motorway.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Stafford and South Pine Road Intersection Upgrade	250	2,250	15,000	8,500	—

Delivering on our election commitments, the Government has provided additional funding of \$26 million over four years to widen the Everton Park Link Road to four lanes between South Pine Road, north of Kedron Brook and Stafford Road, east of Mountbridge Street.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Camera Detected Offence Program	—	2,000	2,350	67,350	55,350

The Government is providing increased funding of \$127.1 million over four years to improve the safety of the sections of state-controlled roads where accidents happen most frequently.

The Government is providing total increased funding of \$166.6 million over four years across departments as part of the Camera Detected Offence Program. Further funding can be found in the Queensland Police Service section of this chapter. The expense component of this measure can be found in the Department of Transport and Main Roads, Queensland Police Service and Queensland Treasury sections of Chapter 2 Expense Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Mt Lindesay Highway (Johanna St intersection)	200	1,800	12,000	6,000	—

Delivering on our election commitments, the Government has provided additional funding of \$20 million over four years to widen the Mount Lindesay Highway to four lanes from Camp Cable Road through to the Johanna/Tamborine Street intersection. These works will also raise the road for flood proofing.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Gold Coast Seaway Sand Bypass System - Jetty Deck Upgrade	—	1,500	1,850	—	—

The Government is providing additional funding of \$3.4 million over two years to upgrade the existing jetty deck to allow modern cranes to operate within appropriate safety standards and enable the continued maintenance of the Gold Coast Seaway Sand Bypass System.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Roads Renewal Fund	—	1,000	9,000	10,000	15,000

Delivering on our election commitments, the Government is providing additional funding of \$35 million over four years for the Roads Renewal Fund. Projects include fixing the Ruthven Street and North Street intersection at North Toowoomba and installation of traffic lights and slip lanes at the intersection of Peachester Road and Old Gympie Road outside the Beerwah State School.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Construction of Petrie Roundabout Project	—	—	10,500	12,000	—

The Government will provide increased funding of \$22.5 million over two years to upgrade the intersection of Anzac Avenue, Dayboro Road and Gympie Road (the Petrie Roundabout). This brings total funding for the Petrie Roundabout to \$30 million over two years.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Future Proofing The Bruce	—	—	30,500	98,000	125,000

Delivering on our election commitments, the Government will provide additional funding of \$253.5 million over three years for priority projects to be delivered for Bruce Highway upgrades. The expense component of this initiative can be found in Chapter 2 Expense Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Gold Coast Train Stations	—	—	—	25,000	50,000

The Government will provide additional funding of \$120 million over three years to build three new train stations at Pimpama, Helensvale North and Worongary-Merrimac. The three new stations will allow more Gold Coast residents to benefit from the 3,150 extra peak-hour seats being provided by increased rail services on the Gold Coast rail line, which will help take pressure off the M1 motorway. Planning work for these stations will be progressed in 2018-19 at an estimated cost of \$3 million.

Budget Measures 2018-19					
	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Mount Isa to Townsville Rail Line	—	—	—	10,000	40,000

Delivering on our election commitments, the Government will provide increased funding of \$50 million over two years, taking total funding to \$380 million over the next five years, to help repair and maintain the Townsville to Mount Isa rail line.

Legislative Assembly of Queensland

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Parliament House Fire Protection System	—	3,994	—	—	—

The Government is providing increased funding of \$4 million in 2018-19 to fund completion of a fire protection system in the heritage listed Parliament House building.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
2017 Electoral Boundary Redistribution and Election	775	1,000	—	—	—

The Government has provided additional funding of \$1.8 million over two years for office accommodation costs associated with the 2017 Electoral Boundary Redistribution. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Infrastructure and Accommodation Critical Works Program	200	1,000	400	—	—

The Government has provided additional funding of \$1.6 million over three years to complete relocation of existing leased electorate offices across Queensland which are presenting high-risk non-compliance issues in relation to building access and security.

Budget Measures 2018-19					
	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Parliamentary Annexe Lift Upgrade Program	1,205	—	—	—	—

The Government has provided increased funding of \$1.2 million in 2017-18 to complete the upgrade of the Parliamentary Annexe low-rise lifts and service lift. The expense component of this measure can be found in Chapter 2 Expense Measures.

Public Safety Business Agency

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Queensland Government Air Aircraft Maintenance and Compliance	—	3,728	—	—	—

The Government is providing additional funding of \$3.7 million in 2018-19 for mandatory maintenance of Queensland Government Air’s (QGAir) rotary and fixed wing aircraft. This funding enables QGAir to continue to support the emergency helicopter network across the State for search and rescue, natural disasters, police and aeromedical operations and provide fixed wing transport services for police, government and organ transfer. The expense component of this measure can be found in Chapter 2 Expense Measures.

Queensland Corrective Services

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Capricornia Correctional Centre	—	22,000	19,000	—	—

The Government is providing increased funding of \$41 million over two years to increase the already planned expansion of Capricornia Correctional Centre by 84 cells to a total of 348 cells. Total capital funding for the project amounts to \$241 million over five years.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Minor Capital Works	—	5,500	5,000	—	—

The Government is providing increased funding of \$10.5 million over two years to upgrade and maintain infrastructure within correctional centres.

Queensland Fire and Emergency Services

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Fire and Emergency Services Facility - Maleny	—	1,050	1,000	1,450	(500)

Delivering on our election commitments, the Government is providing an additional \$3 million for the construction of a new fire and emergency services facility in Maleny. This will provide a fit for purpose facility that will enable Queensland Fire and Emergency Services to provide responsive services to the growing Maleny and Sunshine Coast Hinterland community.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Fire and Emergency Services Facilities - Yarrabilba and surrounds	—	1,000	1,000	3,000	—

Delivering on our election commitments, the Government is providing additional funding of \$5 million over three years for equipped fire and emergency services facilities to service the community of Yarrabilba and surrounds. The initiative will enable the upgrade of the existing facility in Logan Village and the completion of a new facility at Yarrabilba.

Queensland Health

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Building Better Hospitals	11,000	52,280	87,270	202,000	185,700

Delivering on our election commitments, the Government has provided increased funding of \$570.8 million over six years, including \$32.5 million in 2022-23, to enhance public hospital capacity and services in the south east Queensland growth corridor, including for redevelopments at the Logan, Caboolture and Ipswich hospitals and to commence planning for the Wide Bay region.

Total funding included in the Building Better Hospitals package is \$679 million. This includes \$103.2 million that was provided in the 2017-18 Budget for detailed planning and preparatory works for the Logan Caboolture and Ipswich hospitals, and \$5 million for the refurbishment of Cancer Council Queensland Lodges. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Rockhampton Drug Treatment and Rehabilitation Facility	1,500	2,600	5,400	—	—

Delivering on our election commitments, the Government has provided additional funding of \$9.5 million over three years for a new 42-bed residential drug rehabilitation and treatment facility in Rockhampton. The expense component of this measure can be found in Chapter 2 Expense Measures.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Redland Hospital	1,730	—	—	—	—

Delivering on our election commitments, the Government has provided additional funding of \$1.7 million in 2017-18 to upgrade the Redland Hospital, including a new water birthing suite and an expansion of the emergency department.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Health Technology Equipment Replacement Program	—	50,000	—	—	—

The Government is providing increased funding of \$50 million in 2018-19 to support the replacement of essential medical equipment under the Health Technology Equipment Replacement Program, such as computed tomography (CT) scanners, magnetic resonance imaging (MRI) scanners and surgical equipment.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Redcliffe Hospital Carpark	—	7,508	24,098	5,174	—

The Government is providing additional funding of \$36.8 million over three years to build a new four-storey, 604-bay carpark at Redcliffe Hospital to improve car parking access for patients, carers and their families.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Youth Justice - Specialist Mental Health Youth Forensic Assessment	—	—	—	—	—

Funding of \$330,000 in 2018-19 is being internally reprioritised by the department to improve mental health assessments of young people in the youth justice system.

This forms part of the Government’s total funding of \$40.7 million over four years (\$22.3 million new funding and \$18.4 million reprioritised funding) for youth justice support measures. Further details can be found in the Department of Child Safety, Youth and Women, Department of Education, Department of Housing and Public Works and Queensland Health sections of Chapter 2 Expense Measures.

Queensland Police Service

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Camera Detected Offence Program	—	950	2,150	1,150	1,900

The Government is providing increased funding of \$6.2 million over four years and \$700,000 per annum ongoing to reduce incidents of road trauma.

The Government is providing total increased funding of \$166.6 million over four years across departments as part of the Camera Detected Offence Program. Further funding can be found in the Department of Transport and Main Roads section of this chapter. The expense component of this measure can be found in the Queensland Police Service, Department of Transport and Main Roads and Queensland Treasury sections of Chapter 2 Expense Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Police Officers	—	600	600	600	600

Delivering on our election commitments, the Government is providing additional funding of \$2.4 million over four years to purchase additional vehicles to maintain a 24-hour policing presence. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
National Disability Insurance Scheme - National Clearance Database	—	100	—	—	—

The Government is providing additional funding of \$100,000 in 2018-19 for the development of a Queensland Police Service electronic interface with the National Clearance Database for the National Disability Insurance Scheme (NDIS). From 1 July 2019, this database will contain a register of cleared and excluded workers from all jurisdictions, reducing the potential for providers to employ workers who pose an unacceptable risk of harm to NDIS participants.

Total funding associated with the National Clearance Database is \$1.7 million over three years. Further funding can be found in the Department of Communities, Disability Services and Seniors and Queensland Police Service sections of Chapter 2 Expense Measures.

Budget Measures 2018-19					
	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Increased Counter-Terrorism Capability	1,260	—	—	—	—

Delivering on our election commitments, the Government has provided additional funding of \$1.3 million in 2017-18 to purchase 22 vehicles and specialist tactical equipment. The expense component of this measure can be found in Chapter 2 Expense Measures.

Queensland Treasury

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Business Development Fund	—	20,000	20,000	—	—

The Government is providing increased funding of \$40 million over two years to continue to support the growth of angel and venture capital funding available to Queensland businesses, thereby strengthening Queensland’s entrepreneurial and start-up eco-system. The fund will continue to support the growth of innovative businesses and the creation of high-value jobs, as well as attracting both interstate and international investment in Queensland.

4 Revenue Measures

Introduction

The following tables present the relevant portfolio revenue measures relating to decisions taken since the 2017-18 Budget. For further explanation, refer to Explanation of Scope and Terms in Chapter 1.

Department of Agriculture and Fisheries

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Veterinary Surgeons Regulation 2016	—	201	208	215	223

The Government is increasing fees under the *Veterinary Surgeons Regulation 2016* for specialist veterinarians, retired veterinarians and new graduates to achieve both full cost recovery and better service delivery by the Veterinary Surgeons Board of Queensland.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Queensland Racing Integrity Commission (QRIC) - Reducing Red Tape through a New Licence Model	—	(125)	(125)	(125)	(122)

The Government is moving from an annual to a three year licensing model for trainers across the three codes of racing (greyhounds, thoroughbreds and harness).

The new licensing model will provide greater standardisation, more convenience for participants and allow for improved integrity standards.

Department of Education

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Implementation of the <i>Labour Hire Licensing Act 2017</i>	3,071	3,071	3,071	3,071	3,071

The Government has introduced a new, tier-dependent fee of \$1,000, \$3,000 or \$5,000 for labour hire providers operating in Queensland when they apply, renew or restore a licence under the Labour Hire Licensing Act. The expense component of this measure can be found in Chapter 2 Expense Measures. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Homestay Regional Fees for International Students Program and Study Tours	—	311	328	349	370

The Government is aligning the weekly fee for homestay accommodation provided to international students studying in regional Queensland from \$241 in 2018 to \$302 in 2019 to match the metropolitan homestay fee. Based on forecasted 2019 enrolments for both the International Students Programs and Study tours, it is estimated that the increase in homestay fees will deliver an approximate additional \$311,000 revenue in 2018-19. The increase in the homestay fee will be fully passed on to regional Queensland families.

Department of Environment and Science

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Waste Disposal Levy	—	100,724	405,657	408,004	407,831

The Government is introducing a Waste Disposal Levy of \$70 per tonne (higher for regulated waste) increasing \$5 per annum, commencing in the first quarter of 2019. Introducing a waste levy was a key recommendation of the recent investigation into the transport of waste into Queensland.

Proceeds from the waste levy will be used for waste programs, environmental priorities and community purposes. In particular, \$100 million will be allocated over three years to support Queensland’s resource recovery and recycling industry through the Resource Recovery Industry Development Program. The program will facilitate private sector and local government projects delivering innovative solutions to the problem of waste going to landfill and create jobs in emerging industries.

The Government will provide an annual advance on levy charges to those local governments that dispose of municipal waste in the levy zone. In 2018-19, \$32 million has been provided for this purpose. This will avoid direct costs to households from introduction of the waste levy.

The revenue figures shown above represent gross revenue. The spending associated with the Resource Recovery Industry Development Program and Advance Payments to Councils has not been factored into the figures shown for this measure.

Between 2018-19 and 2021-22 it is expected that over 70% of revenue generated through the waste levy will be allocated to Advance payments to councils, scheme start up and operational costs, industry programs and other environmental priorities. Surplus revenue from the levy will benefit the entire Queensland community by providing funding for schools, hospitals, transport infrastructure and frontline services.

Further details can be found in the Department of Environment and Science, Department of Local Government, Racing and Multicultural Affairs and Department of State Development, Infrastructure and Planning sections of Chapter 2 Expense Measures.

Department of Natural Resources, Mines and Energy

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Extending existing drought relief arrangements	—	—	—	—	—

The Government is providing fee and rental relief of up to \$4.2 million in 2018-19 as part of the extension of drought relief arrangements. This includes rebates for land rental and the waiving of water licence fees for drought affected landholders and lessees. The estimate is dependent on drought declarations and the demand for drought assistance.

The Drought Assistance Package is a total of up to \$34.6 million in 2018-19 to support drought affected communities across the State. Funding can be found in the Department of Agriculture and Fisheries, and Department of Natural Resources, Mines and Energy sections of Chapter 2 Expense Measures.

Department of Transport and Main Roads

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Hazard Perception Test Fee	—	—	1,330	1,369	1,408

The Government will introduce a one off charge of \$37.05 for entry into the hazard perception test (HPT) environment until the customer has successfully completed the test. This represents an increase for the motor vehicle HPT and a new charge for the introduction of HPT for motorcycles. A person will not be able to obtain a P1 licence and drive unsupervised until they have passed the HPT. This should improve road safety outcomes and the delivery of a nationally uniform test may have road safety benefits for a group of licensed riders that are over represented in the road toll.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Learner Licence Discount for Photo Identification Card (PIC) Holders	—	(26)	(66)	(141)	(149)

The Government is introducing a \$40 discount off the learner licence fee for any person who applies for a Queensland learner licence and already holds a Photo Identification Card (PIC). This means a person with a PIC would only be required to pay \$126.10 instead of \$166.10 for a three year learner licence.

	2017-18	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000	\$'000
Reduced Registration for Historic Motorcycles	—	(100)	(100)	(100)	(100)

The Government is reducing registration fees for vintage motorcycle owners by approximately 70%. The reduced registration fees are to be implemented for eligible motorcycles from 1 July 2018.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Heavy Vehicle Plate Fee	—	(147)	(152)	(157)	(162)

The Government is introducing a national heavy vehicle number plate that will enable the efficient movement of heavy vehicles across Australia and will require a consistent fee. It has been determined that from 1 July 2018, the national heavy vehicle plate fee will be \$25. Given the current plate fee in Queensland is \$29.20, the expected negative revenue impact of introducing a \$25 fee for the national heavy vehicle plate would be approximately \$618,000 over four years.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Transport Concessions for Veterans	(228)	(488)	(527)	(567)	(608)

Delivering on our election commitments, the Government has provided half-price public transport for veterans by expanding the current transport discount to the 19,000 Department of Veterans’ Affairs (DVA) white card holders under 64 - those who have war or service related injuries or disease.

Queensland Treasury

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Point of Consumption Betting Tax	—	70,950	96,323	98,501	101,184
Less: Non-discretionary allocation of proceeds ¹	—	—	—	—	—
Until allocation of proceeds	—	70,950	96,323	98,501	101,184

1. Some allocations are subject to commercial-in-confidence discussions/negotiation, including the quantum of the commitments to compensation payments to Racing Queensland for impacts from the implementation of the point of consumption betting tax.

The Government is introducing a point of consumption betting tax from 1 October 2018 (betting tax).

While this 2017-18 Mid-Year Fiscal and Economic Review (MYFER) measure applied to online wagering only, the betting tax will now apply to all betting operators licensed in Australia and will be imposed at a rate of 15% of net wagering revenue earned from bets placed by customers in Queensland. This primarily accounts for the changed forecast since the 2017-18 MYFER.

Smaller betting operators may not incur a betting tax liability as the rate of 15% applies to taxable wagering revenue exceeding an annual tax-free threshold amount of \$300,000. No tax will be paid on a betting operator’s revenue up to and including \$300,000 in a financial year. Reconciliation against the threshold in the annual return, and refund provisions for any overpayment, will ensure this.

Government is consulting with the racing industry and other stakeholders in the lead up to the 1 October implementation regarding appropriate measures to be funded from the point of consumption betting tax revenues including support for the industry, delivery of initiatives to enhance responsible gambling and community programs.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Payroll Tax Apprentice and Trainee Rebate	—	(26,000)	—	—	—

The Government is extending until 30 June 2019 the 50% payroll tax rebate on the exempt wages of apprentices and trainees. This is part of Government commitments to address youth unemployment and building Queensland’s skills base, particularly in regional Queensland.

Budget Measures 2018-19

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Land Tax increase to rate on holdings above \$10 million by 0.5 percentage points	—	71,000	76,000	80,000	84,400

The Government is increasing the rate of land tax by 0.5 percentage points for owners of land who have aggregated landholdings with a taxable value above \$10 million. From the 2018-19 financial year onwards, an increased rate of 2.25% for resident individuals and 2.5% for companies, trustees and absentees will apply to the portion of an owner’s taxable landholdings that exceeds \$10 million.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Additional Foreign Acquirer Duty increase to 7%	—	33,000	33,000	33,000	33,000

The Government is increasing the rate of Additional Foreign Acquirer Duty (AFAD) from 3% to 7%. AFAD is an additional amount of duty payable on relevant transactions that are liable for transfer duty, landholder duty or corporate trustee duty which involve a foreign person directly or indirectly acquiring certain Queensland residential land. The increased rate will apply to liabilities arising on or after 1 July 2018.

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Premium Motor Vehicle Duty	—	24,020	25,250	26,490	27,870

The Government is increasing the amount of vehicle registration duty payable on vehicles valued above \$100,000 by \$2 per \$100 of dutiable value (excludes heavy vehicles). The premium motor vehicle duty will apply from 1 July 2018.



Queensland Budget 2018-19
Budget Measures Budget Paper No.4
budget.qld.gov.au

EXHIBIT (c)(iv)

Report entitled

“Queensland Budget 2018-19 Mid Year Fiscal and Economic Review”.



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FOREWORD

I am pleased to present the 2018-19 Mid Year Fiscal and Economic Review (MYFER).

MYFER highlights the Palaszczuk Government’s ongoing commitment to job creation, better infrastructure, economic growth and vital service delivery for all Queenslanders.

It’s a commitment underpinned by a strong Economic Plan and responsible fiscal management that ensures we maintain our income earning assets in public ownership, and utilise debt responsibly and sustainably to build critical economic and social infrastructure.

What’s clear from MYFER is that our Economic Plan is working. Over the past four budgets, we’ve been investing in Queensland and in Queenslanders because we know our future prosperity depends on it.

We’re continuing to work with business and industry to create jobs, we’re building better infrastructure and we’re delivering quality health, education and other vital services to Queenslanders. We’re also helping communities to navigate the challenges of change and to take advantage of the opportunities that come from growth.

Our \$46.3 billion capital program over four years is the biggest since the 2011 flood recovery.

This investment in hospitals, schools, road and rail infrastructure will transform our cities and regions while supporting existing jobs and creating new ones.

Queensland has been one of the country’s leading job-creation states, with more than 165,000 jobs created since January 2015. We are focussed on maintaining this momentum by investing in the education and training needed to equip Queenslanders with the skills and support to succeed in a fast-changing world.

Our strong focus on innovation and our investment in the workforce through initiatives such as the Back to Work program, Jobs and Regional Growth Fund and Industry Attraction Fund, has attracted significant national and international investment.

We know this is because investing in Queensland makes good sense. We have one of the most competitive payroll tax regimes in Australia, a multi-cultural, well-educated and resourceful workforce, competitive labour costs, better development approval processes and of course, our unmatched lifestyle.

As one of Australia’s most outward-facing states, Queensland was well positioned to take advantage of the global trade recovery and improved commodity prices. Thanks largely to growth in Asia, our export earnings reached a record high of \$94.3 billion in 2017-18.

Queensland’s strong economic performance has again supported an improved budget position. The net operating surplus in 2018-19 is \$524 million, up by \$376 million on the June forecast.

State budget surpluses are forecast to continue, totalling almost \$1 billion over the four years to 2021-22 despite a forecast reduction in GST revenue of more than \$770 million for the same period.

This consistency has allowed us to continue to manage General Government Sector Debt, provide funds for services and infrastructure development, and make Queensland a desirable investment destination.

MYFER confirms our plan to sensibly manage and grow the economy to make sure all Queenslanders share in our future prosperity.



The Hon Jackie Trad MP
Deputy Premier
Treasurer
Minister for Aboriginal and Torres Strait Island Partnerships



SUMMARY

The Mid Year Fiscal and Economic Review 2018-19 (MYFER) provides an update on the State’s economic and fiscal position since the 2018-19 Budget in June 2018.

The highlights of this year’s MYFER include:

- Forecast net operating surplus of \$524 million in 2018-19, an improvement of \$376 million on the Budget estimate due to revenue uplifts.
- General Government sector net operating balances expected to remain in surplus, despite a strong reduction in forecast GST revenue.
- A capital program of \$46.3 billion over the forward estimates.
- Forecast economic growth of 3% in 2018-19 and 2¾% in 2019-20, unchanged from the 2018-19 Budget and broadly in line with national growth.

The Palaszczuk Government’s Economic Plan will continue to drive jobs and economic prosperity across the State. The effectiveness of the Economic Plan is exemplified by Queensland’s strong jobs growth: a total of 165,700 new jobs, including 78,700 full time jobs, have been created since January 2015.

The Government is delivering on its election commitments, including restoring and boosting the Skilling Queenslanders for Work program and the building or upgrading of 40 hospitals across Queensland.

The Government continues to deliver on its \$46 billion infrastructure program, the biggest spend since the 2011 floods. Key projects include Cross River Rail, upgrades to the M1 and the Bruce Highway, Rookwood Weir, Cairns Convention Centre, and Townsville water pipeline. Our massive investment is helping to deliver infrastructure and create jobs across Queensland. We are also accelerating \$100 million in funding for the popular Works for Queensland program which will help support jobs in regional areas.

The Government continues to collaborate with Queensland industry leaders to plan for the future of work and to ensure that the labour market of the future will have workers with the right mix of education and skills. The Future of Work Skills and Industry Summit held in Brisbane in November 2018 highlighted the importance of ongoing collaboration between government, industry and the education sector.

November 2018 also saw the successful launch of Queensland’s container refund scheme, Containers for Change, part of the Government’s comprehensive waste management strategy to increase recycling, improve sector investment, and create new jobs. The majority of funds raised through the waste disposal levy will go towards supporting councils, the waste industry, and environmental programs.

Our Economic Plan is working to create jobs and grow our economy. This strong record of economic management allows us to deliver the infrastructure, skills and services that will help us to manage growth and ensure we can all share in future prosperity.

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ECONOMIC PLAN TO CONTINUE TO DELIVER JOBS

The Queensland Government’s Economic Plan is continuing to deliver growth, jobs and prosperity for Queenslanders.

Since 2015, the Palaszczuk Government’s Economic Plan has been integral in driving economic prosperity, jobs and enhancing living standards across the State, through its focus on:

- increasing the economic opportunities available to Queenslanders
- enhancing the capacity of Queenslanders to access and capitalise on these opportunities
- ensuring all Queenslanders share in the prosperity and improved quality of life these opportunities deliver.

The effectiveness of the Economic Plan is exemplified by Queensland’s strong jobs growth (3.1%) over the year to June quarter 2018, with a total of 165,700 new jobs, including 78,700 full time jobs, created since January 2015.

Consistent with the Government’s *Our Future State Advancing Queensland’s Priorities*, the Economic Plan focuses on delivering these outcomes through six key policy channels as outlined in Figure 1.

Despite the strength of the State’s economy and labour market, maintaining a strong, resilient and flexible economy and workforce will be critical for Government and business to respond to global factors and technological change.

Most importantly, the labour market of the future will need workers with the right mix of education and skills to capitalise on the opportunities that arise in a changing economic environment characterised by new technologies, increased automation, rapid innovation and the shift to a knowledge-based economy.

In response to this challenge, the Government is investing significantly in education and skills development to ensure all Queenslanders, particularly the State’s youth, can access additional job opportunities, earn higher incomes and enjoy the benefits of higher living standards both now and into the future.

Figure 1: Driving jobs and prosperity through the economic plan



In line with the Economic Plan, the Government will continue to maintain a strong focus on driving job creation across the entire State, particularly in those regions facing economic challenges, such as Townsville, Central Queensland and Wide Bay. In particular, the Government’s ongoing significant investment in infrastructure, education, training and skills development will continue to help unlock economic opportunities across all regions to create new jobs now and into the future.

ECONOMIC OVERVIEW

The outlook for overall economic growth in Queensland and key measures of the State’s labour market in both 2018-19 and 2019-20 remain unchanged from those published in the 2018-19 State Budget.

Consistent with the risks and opportunities highlighted in the 2018-19 Budget, a range of external factors and ongoing developments in global and national economic conditions continue to impact the outlook for some specific sectors of the State economy. Some of the key international risks outlined in the Budget, particularly related to global trade, have begun to eventuate or have heightened over the second half of 2018.

Key developments since June 2018 include:

- A stronger US economy has seen US Treasury bond yields rise significantly, while the US-China trade war has intensified, adversely affecting the Chinese economy and the outlook for its key Asian trading partners.
- The key impacts of these international developments have been a weaker outlook for industrial production growth, which has in turn tempered the outlook for Queensland export growth. Meanwhile, higher global interest rates have led to some banks increasing interest rates domestically. In addition, a tightening in lending standards by domestic banks has contributed to a reduced availability of credit, despite an unchanged RBA cash rate.
- Continuing dry conditions are expected to lead to a short-term boost to beef exports, as producers once again seek to reduce herds, although these dry conditions may see crop production weaken.

Meanwhile, domestic economic activity has been stronger than expected at the time of the Budget. In particular:

- Last year’s very strong employment growth has supported incomes and flowed through to increased household consumption spending, while the ‘soft landing’ anticipated for dwelling construction remains on track, supported by ongoing growth in renovation activity.
- Domestic activity is also being supported by the ongoing provision of public services and public investment, including the roll-out of the National Disability Insurance Scheme (NDIS) and the Queensland Government’s infrastructure program.
- Business investment has rebounded strongly to grow by 12.5% in 2017-18, supported by significant investment in renewable energy projects. Recent data suggest that business investment in the State is likely to ease slightly in the current financial year, but remain more than \$2 billion above 2016-17 levels.

The net impact of these developments on the overall outlook is limited, with GSP growth still forecast to strengthen to 3% in 2018-19, before easing slightly to 2¾% in 2019-20, unchanged from the Budget and broadly in line with forecast growth in Australia’s Gross Domestic Product.

Similarly, following the strongest jobs growth in a decade (3.1% over the year to June quarter 2018), employment growth is forecast to return to more sustainable rates of 1½% in the year to June quarter 2019 and 1¾% in the year to June quarter 2020, broadly in line with anticipated population growth. Meanwhile, the unemployment rate is expected to stabilise at 6¼% in June quarter 2019, before edging lower to 6% in June quarter 2020.

Table 1: Queensland economic forecasts¹

	2017-18	2018-19		2019-20	
	Outcome	Budget	MYFER	Budget	MYFER
Gross state product	2.6	3	3	2¾	2¾
Employment ²	3.1	1½	1½	1¾	1¾
Unemployment rate ³	6.2	6¼	6¼	6	6
Inflation ⁴	1.7	2	2	2½	2¼
Wage Price Index ⁴	2.2	2½	2½	3	3
Population ⁵	1.7	1¾	1¾	1¾	1¾

Notes:

1.

Annual % change, except for unemployment rate.
2.

Through-the-year growth rate to the June quarter (seasonally adjusted).
3.

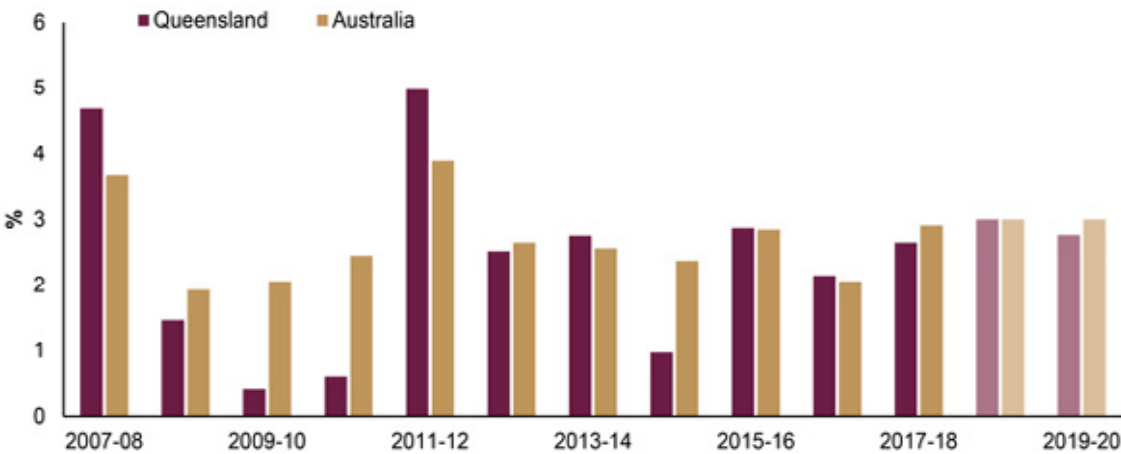
Seasonally adjusted rate for the June quarter.
4.

Year-average.
5.

Population growth for 2017-18 is the annual growth rate in the three quarters to March quarter 2018.

Sources: ABS 3101.0, 6202.0, 6345.0, 6401.0 and Queensland Treasury.

Chart 1: Real Economic Growth¹, Queensland and Australia



Notes:

1.

Gross State/Domestic Product. Chain volume measure (CVM), 2015-16 reference year. 2018-19 and 2019-20 are forecasts.

Sources: Queensland State Accounts - June quarter 2018 for historical data, Queensland Treasury for Queensland forecasts, and 2018-19 Commonwealth Budget for Australia forecasts.

External conditions

International

The US economy has strengthened in 2018, with the country’s economic growth in the first three quarters of 2018 accelerating to 2.8%, in annual terms. The pace of non-farm employment growth in the US has also picked up over 2018, driving faster wage growth and a reduction in the unemployment rate to below 4%, although the participation rate remains at close to 40-year lows. The outlook for the US economy is clouded by escalating trade tensions with China, the distortionary effects of corporate tax cuts, monetary tightening by the Federal Reserve and rising financial market volatility.

China is continuing an orderly slowdown in economic growth, although the trade dispute between the US and China has adversely affected the Chinese economy. Despite China’s central bank further reducing the bank reserve requirement and directing banks to relax lending requirements, growth in China’s industrial production has continued to moderate and China’s stock market has maintained its downward trend.

Due to the strong trade linkages between China and other industrialised economies in Asia, forecasts of industrial production growth in Japan and Korea have also been downgraded. In response to the weakening economic outlook, currencies of these economies have depreciated against the US\$ in recent months, and stock markets in Japan, Korea and Taiwan have all fallen over the period.

Table 2: Industrial production forecasts of key major trading partners¹

Date of forecast	Japan		Korea		Taiwan		China		India	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Jan 2018	2.7	2.3	1.9	1.9	3.1	3.2	6.0	5.8	5.7	n.a.
May 2018	2.0	2.2	0.7	1.9	3.3	3.2	6.3	5.9	5.9	6.4
Nov 2018	1.2	2.0	0.8	1.9	3.5	3.2	6.3	5.7	6.1	6.2
Year-to-date actual ³	1.5		-0.2		4.1		6.4		5.2 ²	

Notes:

1.

Annual % change.
2.

Annual growth in the first six months of 2018-19 Indian Fiscal Year (April to September).
3.

First nine months of 2018 for Japan, Korea and Taiwan. First ten months of 2018 for China.

Sources: Central Statistical Organisation, India; Consensus Economics; Ministry of Economic Affairs, Taiwan; Ministry of Economy, Trade and Industry, Japan; National Bureau of Statistics of China and Statistics Korea.

Australia

In the Commonwealth Budget released in May 2018, economic growth of 3% was forecast in both 2018-19 and 2019-20. However, with most of the external factors that are currently impacting on the Queensland economy – such as the drought and US-China trade tensions – also being evident nationally, downside risks to the national outlook have also intensified over recent months. The recent depreciation of the A\$ against the US\$ will, however, provide some support to goods and services exporters.

Declines in stock markets and house prices since the Commonwealth Budget have impacted household wealth, which will likely constrain consumption growth. Property prices, especially in Sydney and Melbourne, have eased much faster than expected at the time of the Budget. However, the drag on growth from dwelling investment is still expected to be moderate, with a substantial amount of work still in the pipeline. Meanwhile, public sector demand remains strong, with elevated spending on infrastructure and the ongoing roll-out of the NDIS.

While labour market conditions are steadily improving nationally, wages and inflation are expected to lift only gradually. Therefore, the Reserve Bank of Australia (RBA) is likely to leave the official cash rate unchanged at a historic low of 1.5% for a more protracted period than previously expected. However, the impact of these low interest rates will be muted by slower than expected domestic credit growth due to the increasing cost of borrowing on the international credit markets and the tightening in lending standards by domestic banks.

Queensland conditions

In line with the 2018-19 Budget outlook, overall economic growth in Queensland is expected to strengthen to 3% in 2018-19 before easing slightly to 2¾% in 2019-20. Household consumption and dwelling investment are forecast to gain momentum over these two years. Business investment, while easing slightly in 2018-19, is expected to resume its upward trend in 2019-20.

However, with stronger domestic activity driving up overseas imports growth in 2019-20, the trade sector is not expected to contribute to growth in that year, leading to the slight easing in GSP growth.

Household consumption

Household consumption in Queensland grew by a higher-than-expected 2.5% in 2017-18, the strongest result since 2013-14, supported by strong employment growth and a modest pick-up in private sector wages.

Growth in household consumption is expected to improve gradually over the forecast period. However, any further improvement in household spending will be constrained by modest income growth and the impact on wealth of more recent movements in the stock market.

Dwelling investment

Dwelling investment in Queensland is entering a ‘recovery phase’, following a 4.8% decline in 2017-18. While approvals and construction have declined, the substantial amount of work remaining in the pipeline indicates dwelling investment is headed for a ‘soft landing’ compared with previous housing cycles. Downside risks to the sector have increased since Budget, with Sydney and Melbourne prices falling faster and further than expected.

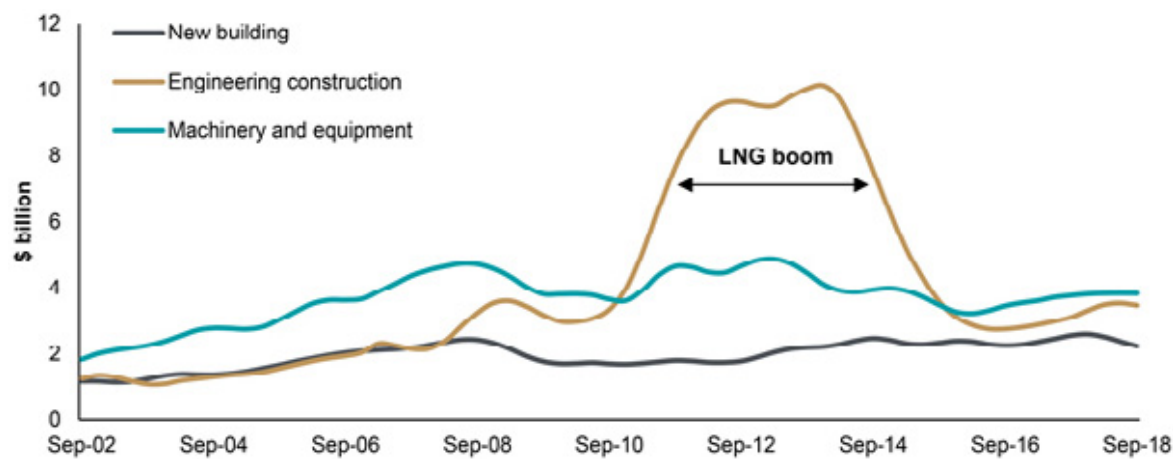
Business investment

Business investment rebounded strongly in 2017-18, rising 12.5%, stronger than anticipated at Budget. Growth was primarily driven by a 16.2% increase in non-dwelling construction, supported by significant investment in renewable energy projects, including wind and solar farms. Meanwhile, machinery and equipment investment rose 7.6%, the second consecutive solid annual increase.

However, recent data suggests business investment will ease slightly in 2018-19, although it will remain more than \$2 billion above 2016-17 levels, before continuing its expansion from 2019-20 onwards. Investment in renewable energy projects is likely to continue to support engineering construction activity in 2018-19.

A sustained lower A\$ has supported the Queensland tourism industry and spurred further investment in hotel accommodation projects, particularly on the Gold Coast and in Cairns. However, there is little change in the outlook for machinery and equipment investment, with recent strong employment growth, elevated capacity utilisation and sustained lower lending rates suggesting this component should continue to grow at a solid pace.

Chart 2: Business investment¹, Queensland



Notes:

1. CVM, quarterly, trend. New building includes shops, offices, factories etc.

Source: ABS 5206.0.

Public final demand

Public final demand increased 4.2% in 2017-18, and is forecast to continue to grow solidly in 2018-19 and 2019-20. A range of large programs such as the ongoing roll-out of the NDIS and the Queensland Government’s capital works program, including Cross River Rail, are expected to underpin ongoing solid growth in public final demand.

Overseas exports

The nominal value of Queensland’s overseas goods and services exports reached a record high of \$94.3 billion in 2017-18, boosted by a recovery in coal export volumes, as well as sustained high global commodity prices. Looking ahead, while commodity prices are expected to return to more sustainable levels, export volumes are forecast to continue to grow, reflecting modest growth in resources exports, increased metals mining capacity coming online and a competitive A\$ exchange rate supporting ongoing growth in services exports.

Coal

The value of Queensland coal exports totalled a record high of \$40.7 billion in 2017-18, with export volumes rebounding from the impact of Severe Tropical Cyclone Debbie in 2016-17, and boosted by sustained high prices.

A deteriorating industrial production outlook for major industrial economies in Asia has led to a downward revision in coal export volume forecasts for 2018-19 and 2019-20.

Despite the weakness in demand, benchmark coal prices have remained at high levels in 2018-19 due to several temporary factors impacting supply, including scheduled port maintenance. China has disproportionately increased imports of higher quality coal to help address issues with pollution and the restructuring of its steel industry, which has led to a sharp increase in benchmark coal prices but more moderate increases in prices of lesser quality coal.

LNG

LNG export volumes reached 20.3 million tonnes in 2017-18 (valued at an estimated \$10.7 billion), to remain Queensland’s second largest export. Recent growth in export values has been driven by higher prices rather than export volumes. Ongoing demand in the east coast domestic gas market has kept total LNG production below the plants’ ‘nameplate’ capacity, indicating that LNG production and export volumes have plateaued at a slightly lower level than previously anticipated. However, higher prices have encouraged investment in further gas developments which should see further growth in LNG export volumes when these projects come online in coming years.

Metals

While the volume of metal exports declined in 2017-18, export values rose 6% to \$9.3 billion, boosted by a strong recovery in prices. Looking ahead, the expected volume of base metal exports over the coming years has been revised up since the time of the Budget. This is mainly due to the higher than expected bauxite production from Rio Tinto’s Weipa mine, while the Amrun mine has started operation. The restart of Glencore’s Lady Loretta zinc mine is underway and this will boost Mount Isa’s zinc production from the second half of 2018 onwards, and most significantly, the New Century zinc mine began production in August 2018.

However, market concerns about slowing global trade and industrial production have driven down base metal prices in recent months. As a result, the nominal value of base metal exports for 2018-19 has been revised down. Looking further ahead, stronger production volumes are expected to support the value of base metal exports in 2019-20.

Rural

The volume of rural exports fell 2.8% in 2017-18, with a rise in meat exports more than offset by lower crop and sugar exports. With below average rainfall continuing through 2018 and drought conditions likely to intensify in the short-term, Queensland crop production in 2018-19 is expected to fall. Meanwhile, graziers are expected to reduce herd sizes in 2018-19, in response to challenging weather conditions and high feed prices. Consequently, despite depleted herds, cattle slaughter is expected to increase, leading to higher beef production and exports in the short term.

Services

Queensland tourism and education services exports continued to strengthen in 2017-18, with total overseas services exports exceeding \$16 billion last year. Queensland tourism and education export revenue will continue to be supported by rising incomes in Asia as well as a competitive A\$. The outlook for this sector remains largely unchanged since the time of the Budget.

Labour market

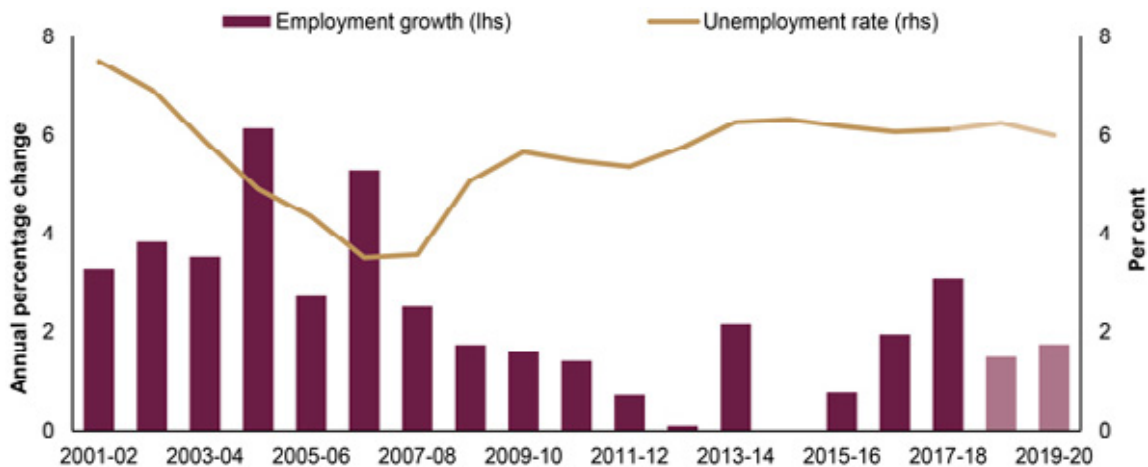
Consistent with the unchanged economic growth forecasts, labour market forecasts for Queensland are unchanged from the 2018-19 Budget. Following the strongest growth in a decade in 2017-18, employment growth is expected to return to more sustainable rates, to be 1½% over the year to June quarter 2019. Over the year to June quarter 2020, employment growth is expected to pick up to 1¾%, in line with population growth. Over the three-year period to June quarter 2020, employment is expected to increase by around 150,000 persons.

With employment growth forecast to largely keep pace with population growth over the next two years, the unemployment rate is still forecast to remain at 6¼% in June quarter 2019 while a modest improvement to 6% is expected by June quarter 2020.

While not uniform, labour market conditions in regional Queensland have continued to converge with those in South East Queensland over the past 12 months. Supported by improved conditions in the resources sector, the unemployment rate in Mackay was 3.5% in the year ending October 2018, the lowest in the State.

Wages growth in 2017-18 picked up slightly from its historic low, with the Wage Price Index up 2.2% compared with 1.9% growth recorded in each of the two previous financial years. Looking ahead, wages growth in 2018-19 is expected to remain in line with Budget forecasts, and accelerate only slightly in 2019-20. However, a subdued price inflation outlook means that wages are expected to grow in real terms over the forecast period.

Chart 3: Queensland labour market



- Notes:
- 1. 2018-19 and 2019-20 are forecasts.
 - 2. Employment growth is through-the-year growth rate to the June quarter (seasonally adjusted) and the unemployment rate is the seasonally adjusted rate for the June quarter.

Sources: ABS 6202.0 and Queensland Treasury.

Risks and opportunities

Several risks identified in the 2018-19 Budget have either intensified or been realised since that time. In particular, further monetary policy normalisation has taken place in major economies, particularly in the US. Additional US rate rises could adversely affect bank/business borrowing costs in Australia, increasing downside risks to economic growth.

Since the Budget, the US-China trade war has intensified significantly and increased the risk that demand for key industrial commodities will be impaired. This heightened uncertainty has driven recent falls in global and domestic share markets, impacting wealth and potentially restraining any recovery in household consumption.

The housing sector downturn in NSW and Victoria has steepened, increasing the risk of a flow on into Queensland. In addition, tightening in bank lending standards and potentially higher borrowing costs may further dampen activity in the housing market.

The drought has intensified since the Budget, and if conditions remain dry the impact on agricultural production is likely to be stronger than previously thought, with cotton and other crop production particularly affected.

On the upside, if commodity prices moderate less than anticipated, investment in mining-related projects may be higher than expected. Further, there is the possibility that the recent increase in investment in renewable projects may be sustained for longer than is currently expected.

FISCAL OVERVIEW

The key fiscal aggregates of the General Government Sector are outlined in Table 3.

Table 3: General Government sector – key fiscal aggregates¹

	2017-18 Actual ² \$ million	2018-19 Budget \$ million	2018-19 MYFER \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Revenue	58,087	57,738	59,002	59,614	60,403	62,167
Expenses	56,335	57,590	58,478	59,421	60,258	62,048
Net operating balance	1,753	148	524	193	145	119
PNFA ³	5,127	5,927	5,981	7,420	7,451	7,182
Fiscal balance	(586)	(3,033)	(2,632)	(3,710)	(3,416)	(3,305)
Borrowing	31,530	32,311	33,242	36,787	39,436	42,874
Borrowing (NFPS) ⁴	69,522	70,871	71,609	75,875	79,473	83,505

Notes:

1. Numbers may not add due to rounding. Bracketed numbers represent negative amounts.
2. Reflects published actuals.
3. PNFA: Purchases of non-financial assets.
4. NFPS: Non-Financial Public sector.

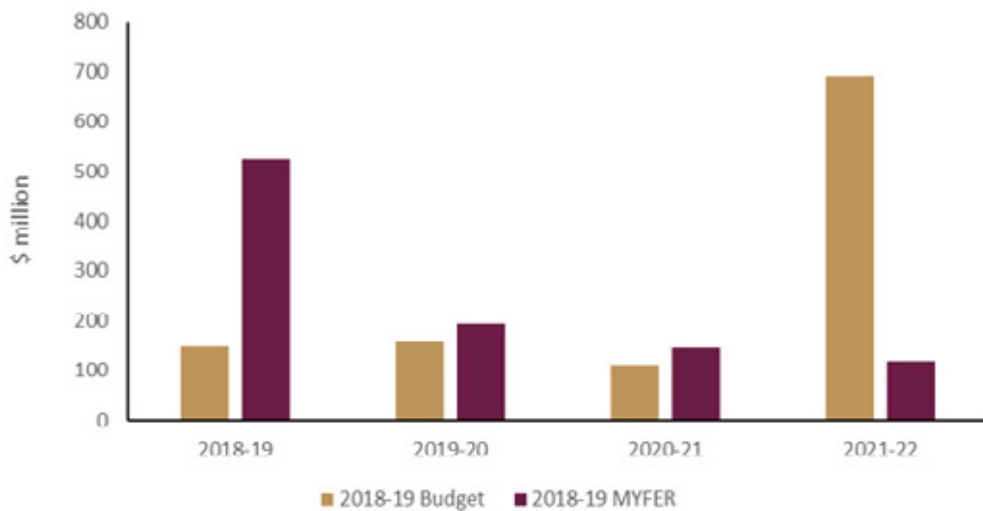
Net Operating Balance

The General Government sector net operating surplus is expected to be \$524 million in 2018-19. As shown in Chart 4, this is an improvement on the 2018-19 Budget estimated surplus of \$148 million. The operating surplus has also been revised upwards in 2019-20 and 2020-21.

The improved position is the result of an uplift in revenue forecasts, supported by coal prices remaining higher for longer than expected, and an improved outlook for transfer duties in 2018-19.

A reduction in forecast GST revenue and transfer duties is expected to negatively impact the net operating balance in 2020-21 and 2021-22. The GST reduction reflects an expected downward revision to Queensland’s share of the national GST revenue pool by the Commonwealth Grants Commission. Queensland’s share of the GST pool is calculated based on three year rolling averages and is expected to be lower due to upward revisions to Queensland’s royalty revenues, and the southern states’ downward revisions to forecast transfer duty collections. The impact of these projected changes in GST are expected to be material with decreases in state revenue totalling \$772 million net over the next four years. The largest impact is projected in 2021-22 with a decline in revenue of \$555 million.

Chart 4: Net operating balance 2018-19 to 2021-22



Reconciliation with 2018-19 Budget

Table 4 provides a breakdown of the movements in the net operating balance since the 2018-19 Budget.

Table 4: Reconciliation of net operating balance, 2018-19 Budget to 2018-19 MYFER¹

	2018-19 MYFER \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
2018-19 Budget Net operating balance	148	160	110	690
GST revisions	(85)	176	(308)	(555)
Royalty revisions	678	398	484	353
Taxation revisions	39	(67)	(80)	(13)
Change to net flows from PNFC and PFC entities	126	8	(179)	(112)
Australian Government funding revisions	79	82	262	9
Additional policy expense measures	(126)	(339)	(255)	(240)
Other parameter adjustments ²	(335)	(225)	111	(13)
2018-19 MYFER Net operating balance	524	193	145	119

Notes:

1. Numbers may not add due to rounding.
2. Adjustments largely of a non-policy nature, primarily changes in interest expenses, depreciation, growth funding, swaps, deferrals and administered revenue.

Revenue

General Government revenue in 2018-19 is estimated to be \$59.002 billion, \$1.264 billion (2.2%) more than the 2018-19 Budget estimate. Revenue in 2019-20 and 2020-21 has been revised upwards by \$779 million and \$464 million respectively. This is driven by a projected increase in royalties. However, revenue in 2021-22 has been revised downwards by \$101 million. The reduction is caused by downward revisions to GST revenue and, to a lesser extent, tax collections and dividends.

The Queensland Government’s action to reduce electricity prices will contribute to the net flows from PNFC and PFC entities, which include dividends from GOCs, declining by a net \$157 million over the period 2017-18 to 2021-22 compared with the 2018-19 budget. Dividends from GOCs are expected to fall by 48% over the period 2017-18 to 2021-22.

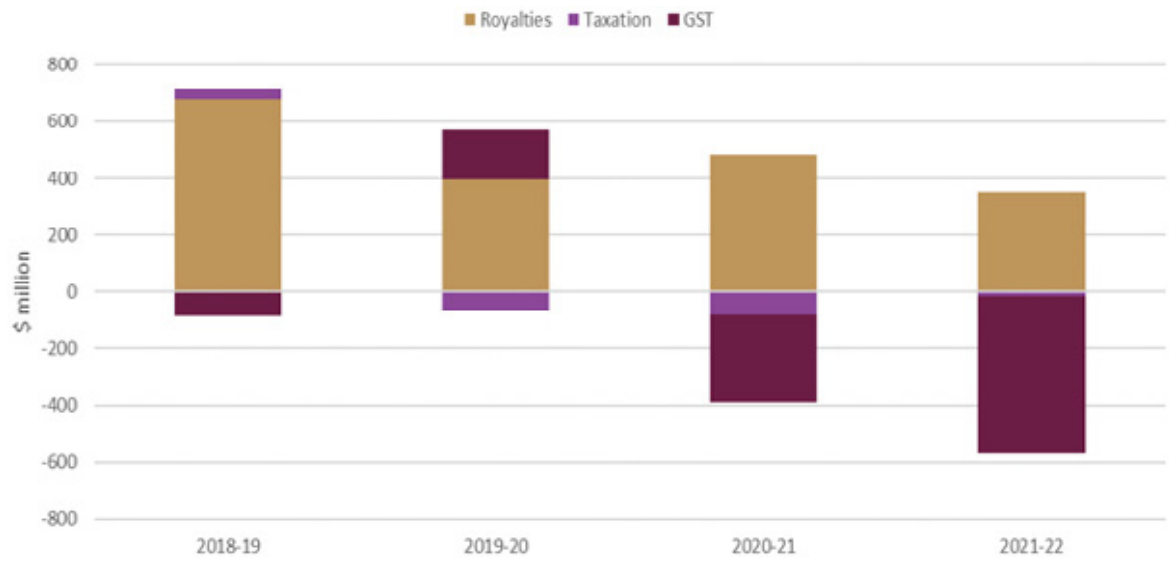
Revenue growth in 2018-19 is expected to be 1.6%, following growth of 3.4% in 2017-18. Over the four year period to 2021-22 revenue is estimated to grow by an average of 1.7% per annum. This is the same growth rate estimated at Budget.

Since the 2018-19 Budget, royalty revenue has been revised upwards by \$1.913 billion across the period 2018-19 to 2021-22. This is mainly the result of coal prices remaining higher for longer than expected, with the year average premium hard coking coal price for 2018-19 revised upward to \$US190/t compared to a Budget forecast of \$US161/t. The hard coking coal price is expected to progressively decline to a medium-term price of \$US140/t by 2021-22.

GST revenue has been revised downwards since the 2018-19 Budget, by \$772 million across the period 2018-19 to 2021-22. This is due to downward revisions in the forecast total GST pool, and downward revisions to Queensland’s expected share of the GST pool. The downward revision to Queensland’s GST share is due to the strength of Queensland’s royalty revenues and the downward revisions to transfer duty forecasts for New South Wales and Victoria.

Taxation revenue has also been revised downwards by \$121 million across the period 2018-19 to 2021-22, compared to the 2018-19 Budget estimate which allows for a slowing of growth in the property market. This is shown in Chart 5 below.

Chart 5: Revisions to key revenue forecasts since the 2018-19 Budget



Coal price revisions

Royalty revenue estimates in the 2018-19 Budget assumed that coal prices would gradually decline towards the medium term projection by 2020-21.

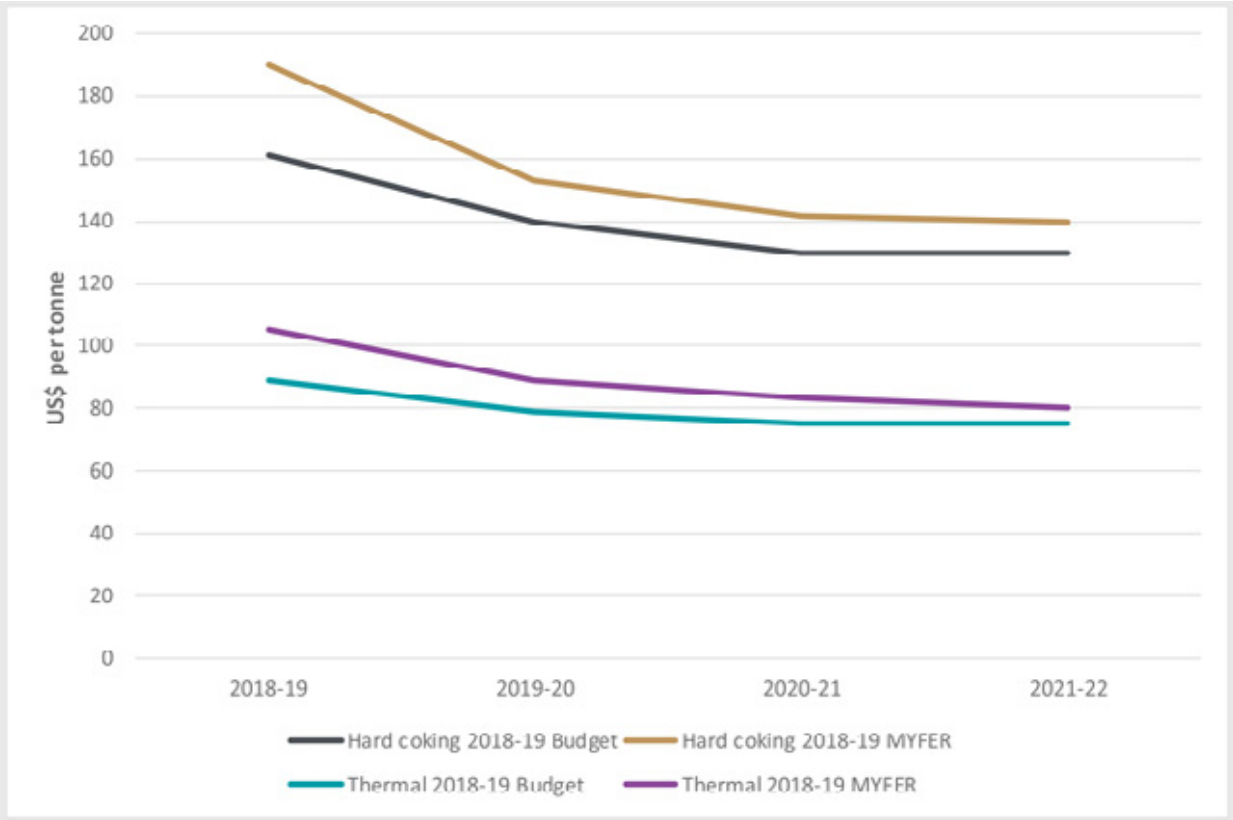
While coal prices declined on average during the first half of 2018, from around \$US260/t at the start of the year to just over \$US180/t during May, prices increased following the Budget and have remained elevated through the December quarter. China’s tighter environmental restrictions leading to demand for more high-quality coal has been a significant driver of the elevated prices.

Overall, coal royalties have been revised up by around \$1.8 billion over the period 2018-19 to 2020-21 since Budget.

Higher than expected coal royalties have contributed to the downward revisions to Queensland’s share of GST revenue over the forward years. Queensland’s GST revenue is reduced by approximately 60-70% of the total coal royalties it collects. While the positive fiscal impacts of a royalty revenue uplift are felt immediately, the negative impacts on Queensland’s budget position manifest over three years starting two years after the revenue increase.

The impact on coal price forecasts, due to coal prices remaining higher for longer than expected, is shown in Chart 6.

Chart 6: Year average coal price revisions since the 2018-19 Budget



FISCAL OVERVIEW

Expenses

General Government expenses in 2018-19 are estimated to be \$58.478 billion, \$888 million higher than the Budget estimate. The increased expenditure in 2018-19 is primarily due to an allowance for increased education expenditure as well as Government policy decisions to bring forward grants programs to support regional jobs in 2018-19, deferrals from reprofiled program delivery from 2017-18, and increased support to the Queensland racing industry.

Expenses over the next four years are expected to decline in real per capita terms. Over the four year period to 2021-22, expenses are estimated to grow by an average rate of 2.4% per annum. At Budget they were forecast to grow by 2.1%. Increases in expenses over the four years partly reflect additional provision for the Queensland Government’s planned increase in education funding. The Queensland Government’s additional school education policy measures are subject to negotiations with the Australian Government in renewing the Schools Funding Agreement.

Emerging Fiscal Pressures

At any given time, issues with potentially significant fiscal impacts will exist. However, until they have been considered by Government and have formal agreements in place, uncertainty remains as to when these issues will impact the net operating balance. As a result, the below emerging fiscal pressures have not been included in the current fiscal estimates.

Native Title Compensation Settlement

Potentially, the Government has a significant liability with respect to compensation arising from acts that have extinguished or impaired native title since 1975. The impending High Court decision in relation to Griffiths v Northern Territory of Australia (known as the Timber Creek case) is expected to provide a formula for calculating native title compensation.

Health Funding - National Health Reform Agreement

Currently, the Australian Government is negotiating with State and Territory Governments the renewal of the National Health Reform Agreement from 1 July 2020. There is ongoing uncertainty around the determination of funding under the national health funding model which is undermining its integrity and the ability of jurisdictions to plan and manage health services. The Queensland Government is committed to working with all jurisdictions and the Australian Government to secure an agreement that restores confidence and predictability to national health funding.

Education Agreement

Negotiations are ongoing with the Commonwealth Government over the National Schools Reform Agreement. Provision for additional expenditure in education spending over the next four years has been made in MYFER. However, in order to not prejudice negotiations with the Commonwealth the magnitude of these provisions is not disclosed.

INTERGOVERNMENTAL FINANCIAL RELATIONS

Australian Government Payments

Payments from the Australian Government contribute to Queensland’s ability to meet its current and future service delivery and infrastructure responsibilities. But the Australian Government continues to create uncertainty around these payments by seeking to impose unwarranted conditions, delaying advice on funding extensions, or unilaterally changing the basis of payments. This impacts Queensland’s ability to plan and deliver critical services and infrastructure.

The Australian Government seeks to impose unwarranted conditions on funding, including by enshrining positions in legislation prior to consulting with states and territories. This approach is inconsistent with the principles of the Intergovernmental Agreement on Federal Financial Relations, and has impacted Queensland. For example, in September 2018, the Government decided to not sign the National Partnership for Skilling Australians Fund for this reason. The Australian Government’s approach is particularly concerning because states and territories are currently negotiating major health and education agreements.

There are eight non-infrastructure national partnerships due to expire on 30 June 2019, which provide Queensland with approximately \$150 million in 2018-19. A further nine will expire the following year. With agreement, and on behalf of all states and territories, the Deputy Premier wrote to the Australian Treasurer recommending that all expiring agreements be renewed. Unfortunately, there is no clarity about their continuation. Last year, the Australian Government allowed the National Partnership on Remote Housing—which funded remote Indigenous housing initiatives—to lapse despite Queensland’s willingness to negotiate. This places at risk any gains in Closing the Gap.

Despite promises of full and proper consultation, the Australian Government has legislated changes to the distribution of GST revenue that fundamentally changes the system away from full horizontal fiscal equalisation—whereby each state and territory receives revenue so that they have the capacity to deliver the same level of service to all Australians, no matter where they live. Under pressure from states and territories, the Australian Government has legislated a guarantee that no state will be worse off because of the changes during the transition period, from 2021-22 to 2026-27. Queensland will not be worse off during this time, but there is no guarantee beyond this point.

The Commonwealth Grants Commission, responsible for recommending GST distribution to the Australian Government, is also undertaking a major review of its method, including all state revenue capacity and expenditure needs. The review report is due in early 2020. Any recommendations will impact Queensland’s GST share from 2020-21 and will be implemented concurrently with the Australian Government’s legislated changes. The Commonwealth Grants Commission is currently in the consultation phase of the review. The Queensland Government supports a transparent and independent review process and is an active participant, and notes that some proposed changes could improve Queensland’s fiscal position.

BALANCE SHEET

The Government is focused on delivering the services and infrastructure that Queenslanders deserve. The Government maintains its commitment to strong fiscal management while keeping income generating assets in public hands and managing borrowings at a level that does not limit its ability to undertake infrastructure investment to support ongoing and future service delivery requirements and facilitate key economic and social infrastructure to meet the needs of Queensland families, businesses and communities. The level of infrastructure investment will be partly funded through borrowings. Even so, General Government borrowings are expected to be lower in each year of the forward estimates than projected in the 2017-18 Budget. In 2021-22 General Government borrowings are expected to remain below the peak level reached in 2014-15.

General Government sector

General Government Sector borrowings are estimated to be \$152 million lower in June 2021 than forecast in the 2018-19 budget. However, the impact of a \$555 million decrease in Commonwealth Government GST revenue to Queensland in financial year 2021-22 will contribute to a \$584 million increase in borrowings in 2021-22 compared to the 2018-19 budget.

Overall the net reduction in GST revenue of \$772 million, parameter adjustments, a provision for increased education spending and increased capital spending have contributed to the General Government borrowings in 2021-22 being \$584 million more than the 2018-19 budget estimate. General Government sector borrowings will be \$33.242 billion at 30 June 2019, compared to the 2018-19 Budget estimate of \$32.311 billion primarily due to the timing of the repatriation of surplus assets relating to the defined benefit scheme. This will result in lower net interest costs over the forward-estimates. The defined benefits scheme remains in a strong surplus funding position as advised by the State Actuary.

Ongoing operating surpluses mean the government is not borrowing to fund the ongoing operations of government including the operating expenditure of health and education. Increased borrowing across the forward estimates reflects the ramp up of the capital program. The demands of a growing economy and the need for infrastructure are outlined in the State Infrastructure Plan. Assessment of infrastructure projects by Building Queensland ensure that the Government’s infrastructure investments will have strong social and economic returns, benefiting Queenslanders now and into the future. The modest increase compared to the 2018-19 Budget reflects the Government’s commitment to fiscally responsible infrastructure investment.

Non-Financial Public Sector

The Non-Financial Public Sector (NFPS) is the consolidation of the General Government and the Public Non-Financial Corporations Sectors, with transactions between these sectors eliminated.

The Government’s focus has been on managing General Government Sector debt as the remainder of NFPS borrowings are primarily held by Government Owned Corporations and are supported by income generating assets including key pieces of economic infrastructure.

Borrowings of \$71.609 billion are projected at 30 June 2019 in the NFPS, \$738 million more than the 2018-19 Budget estimate, reflecting the increase in the General Government sector.

Borrowings in the NFPS are expected to be \$412 million higher than anticipated in the 2018-19 Budget with the increase in the capital program.

BALANCE SHEET

A new accounting standard, AASB 16 *Leases*, will apply to public and private sectors in Australia from 1 July 2019. The new standard will impact the accounting presentation of corporate and government accounts across Australia from July 2019 and has the potential to impact balance sheets as operating leases are brought on to the balance sheet of lessees for the first time. Currently, only finance leases are accounted for on balance sheet and are classified as borrowings for GFS purposes.

There is no substantive change to Queensland’s financial commitments as a result of the new accounting standard. However, consideration will be given to the incorporation of the impact of the new accounting standard on the Government’s Fiscal Principles in the 2019-20 Budget, to ensure comparability.

Capital Program

The total capital program over the four years to 2021-22 is estimated to be \$46.319 billion. This is the largest capital spend since the 2010-11 flood recovery effort. Large projects include Cross River Rail, upgrades to the M1 and the Bruce Highway, Rookwood Weir, Cairns Convention Centre, and Townsville water pipeline.

General Government sector

The General Government capital program in 2018-19 is estimated to be \$8.703 billion, slightly higher than estimated in the 2018-19 Budget. Over the four years to 2021-22, the capital program comprises \$28.033 billion in purchases of non-financial assets, \$4.521 billion in capital grants and \$1.151 billion in finance leases - representing a total capital program of \$33.705 billion.

Non-Financial Public Sector

Purchases of non-financial assets in the Non-Financial Public Sector are estimated to be \$9.095 billion in 2018-19, generally in line with 2018-19 Budget estimate. Over the four years to 2021-22, purchases of non-financial assets are expected to be \$40.689 billion, with capital grants and finance leases expected to be \$4.479 billion and \$1.151 billion respectively, bringing the total capital program to \$46.319 billion.

GOVERNMENT FISCAL PRINCIPLES

The Government remains committed to its fiscal principles, which underpin the development of the State’s fiscal strategy and financial decision-making.

Table 5: The fiscal principles of the Queensland Government

Principle	Indicator		
	General Government debt to revenue ratio		
		2018-19 Budget	2018-19 MYFER
		%	%
Target ongoing reductions in Queensland’s relative debt burden, as measured by the General Government debt to revenue ratio	2017–18	54	54
	2018–19	56	56
	2019–20	61	62
	2020–21	66	65
	2021–22	68	69
	General Government operating cashflows as a proportion of purchases of non-financial assets		
		2018-19 Budget	2018-19 MYFER
		%	%
Target net operating surpluses that ensure any new capital investment in the General Government sector is funded primarily through recurrent revenues rather than borrowing	2017–18	99	107
	2018–19	60	70
	2019–20	40	44
	2020–21	44	48
	2021–22	53	44
	General Government purchases of non-financial assets		
		2018-19 Budget	2018-19 MYFER
		(\$ million)	(\$ million)
The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging	2017–18	4,905	5,127
	2018–19	5,927	5,981
	2019–20	7,557	7,420
	2020–21	7,396	7,451
	2021–22	7,081	7,182
Maintain competitive taxation by ensuring that General Government sector own-source revenue remains at or below 8.5% as a proportion of nominal gross state product, on average, across the forward estimates	General Government own-source revenue to GSP		
	2018-19 Budget:		8.2%
	2018-19 MYFER:		8.4%
Target full funding of long term liabilities such as superannuation and WorkCover in accordance with actuarial advice	Average across the forward estimates:		8.1%
	As at the last actuarial review (as at 30 June 2018), accruing superannuation liabilities were fully funded. The WorkCover scheme was also fully funded as at 30 June 2018.		
Maintain a sustainable public service by ensuring that overall growth in full-time equivalent (FTE) employees, on average over the forward estimates, does not exceed population growth	<i>FTE growth</i>		
	Average across the forward estimates:		1.7%
	<i>Population growth</i>		
	Average across the forward estimates:		1¾%

Principle 1 – Target ongoing reductions in Queensland’s relative debt burden, as measured by the General Government debt to revenue ratio

A primary fiscal focus for the Government is managing the debt of the General Government sector, and servicing this debt from within the General Government sector through tax revenue, charges and royalties. Targeting ongoing reductions in the debt to revenue ratio enables the Government to improve the State’s fiscal sustainability.

As a result of significant initiatives implemented through the Debt Action Plan, the General Government sector’s debt to revenue ratio has fallen substantially from a peak of 91% in 2012-13 to 56% in 2018-19 MYFER, which is the same level forecast at the 2018-19 Budget. The average across the five years is at the same level forecast at the 2018-19 Budget.

Principle 2 – Target net operating surpluses that ensure any new capital investment in the General Government sector is funded primarily through recurrent revenues rather than borrowing

2018-19 has seen an increase in the proportion of net investments in non-financial assets to operating cashflows from 60% at Budget to 70% at MYFER, driven in part by upward revision to revenue projections. The average across the five years shows an improvement compared to the level forecast at the 2018-19 Budget.

Principle 3 – The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging

The 2018-19 MYFER sees General Government sector purchases of non-financial assets (capital purchases) increase from \$5.127 billion in 2017-18 to \$5.981 billion in 2018-19. Capital purchases over the next three years (2019-20 to 2021-22) average around \$7.4 billion per annum. The average across the five years shows an improvement compared to level forecast at the 2018-19 Budget.

Principle 4 – Maintain competitive taxation by ensuring that General Government sector own–source revenue remains at or below 8.5% as a proportion of nominal gross state product, on average, across the forward estimates

General Government own source revenue is forecast to be 8.4% of nominal gross state product in 2018-19 and an average of 8.1% across the forward estimates. This ensures the Government’s revenue efforts do not constrain economic activity or place undue burden on households. Tax revenue will remain below the ten year peak of 4.3% of GSP observed in 2014-15.

Principle 5 – Target full funding of long term liabilities such as superannuation and WorkCover in accordance with actuarial advice

Consistent with the long-standing practice of successive governments, the Queensland Government is committed to ensuring the State sets aside assets, on an actuarially determined basis, to meet long term liabilities such as superannuation and WorkCover.

The latest full actuarial review of the QSuper scheme, as at 30 June 2018, found the scheme to be fully funded. WorkCover is also fully funded as at 30 June 2018.

Principle 6 – Maintain a sustainable public service by ensuring that overall growth in full-time equivalent (FTE) employees, on average over the forward estimates, does not exceed population growth

Across the forward estimates, average growth is 1.7%, in line with expected population growth.

UNIFORM PRESENTATION FRAMEWORK

Table 6: General Government Sector Operating Statement¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 MYFER \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Revenue from Transactions						
Taxation revenue	13,244	14,155	14,194	15,118	15,871	16,709
Grants revenue	27,966	27,701	28,065	28,487	29,185	29,973
Sales of goods and services	5,884	5,731	5,735	5,953	6,062	6,309
Interest income	2,389	2,201	2,233	2,171	1,983	1,930
Dividend and income tax equivalent income	2,920	2,217	2,344	2,085	1,732	1,676
Other revenue	5,685	5,733	6,431	5,801	5,571	5,570
Total Revenue from Transactions	58,087	57,738	59,002	59,614	60,403	62,167
<i>Less</i> Expenses from Transactions						
Employee expenses	22,678	23,807	23,987	24,841	25,777	26,779
Superannuation expenses						
Superannuation interest cost	667	667	637	668	678	704
Other superannuation expenses	2,744	2,887	2,920	2,976	3,023	3,057
Other operating expenses	17,258	15,774	16,239	15,569	15,568	16,126
Depreciation and amortisation	3,325	3,429	3,428	3,545	3,652	3,779
Other interest expenses	1,614	1,474	1,526	1,634	1,695	1,835
Grants expenses	8,048	9,552	9,742	10,189	9,864	9,770
Total Expenses from Transactions	56,335	57,590	58,478	59,421	60,258	62,048
<i>Equals</i> Net Operating Balance	1,753	148	524	193	145	119
<i>Plus</i> Other economic flows - included in operating result	(384)	85	(605)	286	443	371
Equals Operating Result	1,368	233	(81)	479	588	490
<i>Plus</i> Other economic flows - other movements in equity	(596)	2,717	2,682	1,943	2,192	2,288
<i>Equals</i> Comprehensive Result - Total Change In Net Worth	772	2,950	2,601	2,422	2,780	2,778
KEY FISCAL AGGREGATES						
Net Operating Balance	1,753	148	524	193	145	119
<i>Less</i> Net Acquisition of Non-financial Assets						
Purchases of non-financial assets	5,127	5,927	5,981	7,420	7,451	7,182
<i>Less</i> Sales of non-financial assets	291	345	418	372	343	165
<i>Less</i> Depreciation	3,325	3,429	3,428	3,545	3,652	3,779
<i>Plus</i> Change in inventories	13	(4)	(5)	(67)	(74)	6
<i>Plus</i> Other movements in non-financial assets	815	1,032	1,026	467	180	180
<i>Equals</i> Total Net Acquisition of Non-financial Assets	2,339	3,181	3,156	3,903	3,561	3,425
<i>Equals</i> Fiscal Balance	(586)	(3,033)	(2,632)	(3,710)	(3,416)	(3,305)

Note:

1. Numbers may not add due to rounding.

Table 7: Public Non-financial Corporations Sector Operating Statement¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 MYFER \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Revenue from Transactions						
Grants revenue	640	632	545	561	556	578
Sales of goods and services	12,435	11,718	11,652	11,400	11,643	11,925
Interest income	77	52	54	50	52	64
Dividend and income tax equivalent income	13	13	13	13	13	13
Other revenue	487	318	398	299	246	255
Total Revenue from Transactions	13,652	12,733	12,662	12,322	12,510	12,835
<i>Less</i> Expenses from Transactions						
Employee expenses	1,705	1,981	1,865	1,926	2,033	2,077
Superannuation expenses						
Superannuation interest cost	(11)	—	—	—	—	—
Other superannuation expenses	218	164	209	215	221	228
Other operating expenses	4,573	4,032	3,902	3,635	3,896	4,016
Depreciation and amortisation	2,480	2,618	2,619	2,730	2,766	2,834
Other interest expenses	1,903	1,908	1,875	1,886	1,937	2,001
Grants expenses	21	22	27	27	28	28
Other property expenses	870	637	686	614	524	479
Total Expenses from Transactions	11,759	11,361	11,182	11,035	11,405	11,663
<i>Equals</i> Net Operating Balance	1,893	1,372	1,479	1,287	1,104	1,172
<i>Plus</i> Other economic flows - included in operating result	(210)	(29)	71	(76)	(108)	(284)
<i>Equals</i> Operating Result	1,684	1,343	1,550	1,211	996	888
<i>Plus</i> Other economic flows - other movements in equity	(653)	(532)	(461)	(931)	(850)	(837)
<i>Equals</i> Comprehensive Result - Total Change In Net Worth	1,030	810	1,090	280	146	52
KEY FISCAL AGGREGATES						
Net Operating Balance	1,893	1,372	1,479	1,287	1,104	1,172
<i>Less</i> Net Acquisition of Non-financial Assets						
Purchases of non-financial assets	2,509	3,130	3,115	3,514	3,028	3,001
<i>Less</i> Sales of non-financial assets	47	11	29	10	10	8
<i>Less</i> Depreciation	2,480	2,618	2,619	2,730	2,766	2,834
<i>Plus</i> Change in inventories	36	35	38	3	—	1
<i>Plus</i> Other movements in non-financial assets	79	68	68	69	70	71
<i>Equals</i> Total Net Acquisition of Non-financial Assets	97	604	574	846	322	231
<i>Equals</i> Fiscal Balance	1,797	767	906	442	782	941

Note:

1. Numbers may not add due to rounding.

Table 8: Non-financial Public Sector Operating Statement¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 MYFER \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Revenue from Transactions						
Taxation revenue	12,988	13,892	13,911	14,816	15,541	16,353
Grants revenue	28,006	27,788	28,078	28,496	29,194	29,983
Sales of goods and services	16,375	15,353	15,288	15,192	15,447	15,900
Interest income	2,421	2,219	2,255	2,195	2,008	1,962
Dividend and income tax equivalent income	217	164	203	164	185	206
Other revenue	6,168	6,051	6,829	6,099	5,817	5,825
Total Revenue from Transactions	66,175	65,467	66,564	66,962	68,193	70,228
<i>Less</i> Expenses from Transactions						
Employee expenses	24,283	25,688	25,736	26,649	27,688	28,730
Superannuation expenses						
Superannuation interest cost	656	667	637	668	678	704
Other superannuation expenses	2,962	3,051	3,129	3,191	3,245	3,285
Other operating expenses	19,868	17,703	18,032	17,035	17,199	17,800
Depreciation and amortisation	5,804	6,047	6,046	6,275	6,418	6,613
Other interest expenses	3,336	3,198	3,215	3,322	3,410	3,584
Grants expenses	7,469	9,029	9,238	9,665	9,345	9,229
Total Expenses from Transactions	64,378	65,383	66,033	66,805	67,983	69,945
<i>Equals</i> Net Operating Balance	1,797	84	531	157	210	284
<i>Plus</i> Other economic flows - included in operating result	(644)	(54)	(644)	(120)	(112)	(283)
<i>Equals</i> Operating Result	1,153	31	(113)	37	98	0
<i>Plus</i> Other economic flows - other movements in equity	(380)	2,920	2,713	2,385	2,683	2,778
<i>Equals</i> Comprehensive Result - Total Change In Net Worth	773	2,950	2,600	2,422	2,780	2,778
KEY FISCAL AGGREGATES						
Net Operating Balance	1,797	84	531	157	210	284
<i>Less</i> Net Acquisition of Non-financial Assets						
Purchases of non-financial assets	7,644	9,057	9,095	10,933	10,478	10,182
<i>Less</i> Sales of non-financial assets	339	356	447	382	353	173
<i>Less</i> Depreciation	5,804	6,047	6,046	6,275	6,418	6,613
<i>Plus</i> Change in inventories	49	31	33	(64)	(74)	7
<i>Plus</i> Other movements in non-financial assets	894	1,100	1,094	536	251	252
<i>Equals</i> Total Net Acquisition of Non-financial Assets	2,443	3,785	3,729	4,748	3,884	3,655
<i>Equals</i> Fiscal Balance	(647)	(3,701)	(3,198)	(4,591)	(3,674)	(3,372)

Note:

1. Numbers may not add due to rounding.

Table 9: General Government Sector Balance Sheet¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 MYFER \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Assets						
Financial Assets						
Cash and deposits	1,298	303	476	447	422	354
Advances paid	629	703	681	654	671	709
Investments, loans and placements	32,846	30,306	31,865	30,881	30,054	30,154
Receivables	4,750	4,182	4,151	4,365	4,282	4,307
Equity						
Investments in other public sector entities	23,120	23,812	24,210	24,490	24,636	24,688
Investments - other	155	154	155	155	155	155
Total Financial Assets	62,797	59,460	61,538	60,992	60,220	60,367
Non-financial Assets						
Land and other fixed assets	200,458	207,985	204,695	209,555	214,042	218,401
Other non-financial assets	7,392	6,767	6,891	7,156	7,304	7,470
Total Non-financial Assets	207,850	214,752	211,585	216,711	221,345	225,870
Total Assets	270,647	274,212	273,124	277,703	281,566	286,238
Liabilities						
Payables	4,396	4,088	4,370	4,469	4,506	4,541
Superannuation liability	26,000	23,414	24,383	23,159	21,610	19,931
Other employee benefits	5,974	5,888	6,855	6,940	7,061	7,201
Deposits held	2	2	2	2	2	2
Advances received	2,747	1,814	1,866	1,572	1,488	1,592
Borrowing	31,530	32,311	33,242	36,787	39,436	42,874
Other liabilities	4,290	4,059	4,097	4,042	3,951	3,808
Total Liabilities	74,939	71,575	74,814	76,971	78,054	79,948
Net Worth	195,708	202,636	198,310	200,731	203,512	206,290
Net Financial Worth	(12,141)	(12,115)	(13,276)	(15,980)	(17,834)	(19,581)
Net Financial Liabilities	35,261	35,928	37,486	40,470	42,470	44,269
Net Debt	(494)	2,815	2,088	6,380	9,779	13,251

Notes:

1. Numbers may not add due to rounding.

Table 10: Public Non-financial Corporations Sector Balance Sheet¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 MYFER \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Assets						
Financial Assets						
Cash and deposits	581	465	584	564	700	719
Advances paid	2,284	1,360	1,422	1,216	1,175	1,302
Investments, loans and placements	482	547	425	386	391	399
Receivables	1,580	1,432	1,723	1,716	1,720	1,832
Equity						
Investments - other	238	240	231	231	231	231
Total Financial Assets	5,165	4,043	4,385	4,112	4,217	4,483
Non-financial Assets						
Land and other fixed assets	62,506	63,882	64,185	65,752	66,728	67,419
Other non-financial assets	1,113	1,203	1,177	1,182	1,191	1,237
Total Non-financial Assets	63,619	65,085	65,362	66,934	67,920	68,657
Total Assets	68,784	69,128	69,747	71,046	72,137	73,140
Liabilities						
Payables	3,495	2,890	2,906	2,936	2,805	2,939
Superannuation liability	(368)	(316)	(360)	(352)	(344)	(336)
Other employee benefits	769	746	750	755	760	766
Deposits held	15	17	15	15	15	15
Advances received	7	6	6	5	5	4
Borrowing	37,992	38,560	38,367	39,088	40,038	40,631
Other liabilities	7,970	7,901	8,068	8,324	8,437	8,649
Total Liabilities	49,879	49,805	49,753	50,772	51,716	52,667
Net Worth	18,905	19,323	19,995	20,274	20,421	20,472
Net Financial Worth	(44,715)	(45,761)	(45,368)	(46,660)	(47,499)	(48,184)
Net Debt	34,667	36,212	35,958	36,944	37,792	38,230

Notes:

1. Numbers may not add due to rounding.

Table 11: Non-financial Public Sector Balance Sheet¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 MYFER \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Assets						
Financial Assets						
Cash and deposits	1,879	768	1,060	1,011	1,122	1,074
Advances paid	622	682	667	634	652	691
Investments, loans and placements	33,328	30,852	32,290	31,267	30,445	30,552
Receivables	4,273	3,808	4,146	4,177	4,266	4,470
Equity						
Investments in other public sector entities	4,216	4,490	4,216	4,216	4,216	4,216
Investments - other	393	394	386	386	386	386
Total Financial Assets	44,711	40,994	42,766	41,691	41,087	41,389
Non-financial Assets						
Land and other fixed assets	262,964	271,866	268,879	275,307	280,769	285,820
Other non-financial assets	1,591	1,014	1,180	1,261	1,239	1,191
Total Non-financial Assets	264,554	272,880	270,059	276,568	282,008	287,011
Total Assets	309,265	313,874	312,825	318,259	323,096	328,400
Liabilities						
Payables	5,861	5,193	5,576	5,530	5,604	5,841
Superannuation liability	25,632	23,098	24,022	22,807	21,265	19,594
Other employee benefits	6,743	6,634	7,605	7,695	7,821	7,967
Deposits held	18	19	18	18	18	18
Advances received	462	439	436	342	299	275
Borrowing	69,522	70,871	71,609	75,875	79,473	83,505
Other liabilities	5,319	4,982	5,250	5,260	5,103	4,911
Total Liabilities	113,556	111,237	114,515	117,528	119,584	122,111
Net Worth	195,709	202,636	198,310	200,731	203,512	206,289
Net Financial Worth	(68,845)	(70,243)	(71,749)	(75,837)	(78,497)	(80,722)
Net Financial Liabilities	73,062	74,733	75,966	80,053	82,713	84,938
Net Debt	34,173	39,027	38,046	43,323	47,571	51,481

Notes:

1. Numbers may not add due to rounding.

Table 12: General Government Sector Cash Flow Statement¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 MYFER \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Cash Receipts from Operating Activities						
Taxes received	13,232	14,153	14,192	15,116	15,869	16,708
Grants and subsidies received	28,020	27,712	28,323	28,488	29,186	29,974
Sales of goods and services	5,916	5,947	6,000	6,166	6,283	6,525
Interest receipts	2,389	2,199	2,230	2,169	1,981	1,928
Dividends and income tax equivalents	2,668	2,619	2,679	2,161	2,003	1,694
Other receipts	6,992	7,007	7,706	7,079	6,811	6,710
Total Operating Receipts	59,216	59,637	61,129	61,179	62,131	63,539
Cash Payments for Operating Activities						
Payments for employees	(25,964)	(27,701)	(27,809)	(28,882)	(29,764)	(30,845)
Payments for goods and services	(18,496)	(17,635)	(18,149)	(17,439)	(17,436)	(18,040)
Grants and subsidies	(8,014)	(9,492)	(9,735)	(10,145)	(9,807)	(9,724)
Interest paid	(1,590)	(1,474)	(1,526)	(1,634)	(1,695)	(1,834)
Other payments	(1)	—	—	—	(1)	(3)
Total Operating Payments	(54,066)	(56,303)	(57,218)	(58,098)	(58,704)	(60,446)
Net Cash Inflows from Operating Activities	5,150	3,334	3,911	3,080	3,428	3,093
Cash Flows from Investments in Non-Financial Assets						
Purchases of non-financial assets	(5,127)	(5,927)	(5,981)	(7,420)	(7,451)	(7,182)
Sales of non-financial assets	291	345	418	372	343	165
Net Cash Flows from Investments in Non-financial Assets	(4,835)	(5,582)	(5,562)	(7,047)	(7,107)	(7,017)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	534	(53)	(126)	(35)	238	390
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	(1,095)	2,877	2,316	4,247	819	(86)
Receipts from Financing Activities						
Advances received (net)	905	(410)	(879)	(291)	(82)	106
Borrowing (net)	(396)	(393)	(434)	17	2,678	3,447
Deposits received (net)	7	(47)	(47)	—	—	—
Net Cash Flows from Financing Activities	517	(851)	(1,360)	(274)	2,596	3,553
Net Increase/(Decrease) in Cash held	271	(275)	(821)	(30)	(25)	(67)
Net cash from operating activities	5,150	3,334	3,911	3,080	3,428	3,093
Net cash flows from investments in non-financial assets	(4,835)	(5,582)	(5,562)	(7,047)	(7,107)	(7,017)
Surplus/(Deficit)	315	(2,248)	(1,651)	(3,967)	(3,679)	(3,924)
Derivation of ABS GFS Cash Surplus/Deficit						
Cash surplus/(deficit)	315	(2,248)	(1,651)	(3,967)	(3,679)	(3,924)
Acquisitions under finance leases and similar arrangements	(584)	(864)	(864)	(287)	—	—
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	(269)	(3,112)	(2,516)	(4,254)	(3,679)	(3,924)

Note:

1. Numbers may not add due to rounding.

Table 13: Public Non-financial Corporations Sector Cash Flow Statement¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 MYFER \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Cash Receipts from Operating Activities						
Grants and subsidies received	707	585	517	604	506	564
Sales of goods and services	14,226	13,113	12,684	12,554	12,824	13,008
Interest receipts	73	52	54	50	52	64
Dividends and income tax equivalents	13	13	13	13	13	13
Other receipts	426	215	324	225	170	174
Total Operating Receipts	15,445	13,977	13,592	13,444	13,564	13,823
Cash Payments for Operating Activities						
Payments for employees	(1,885)	(2,143)	(2,085)	(2,128)	(2,242)	(2,291)
Payments for goods and services	(5,615)	(4,610)	(4,571)	(4,181)	(4,568)	(4,474)
Grants and subsidies	(270)	(264)	(274)	(303)	(28)	(28)
Interest paid	(1,896)	(1,910)	(1,878)	(1,884)	(1,934)	(2,004)
Other payments	(1,452)	(1,172)	(1,207)	(974)	(1,018)	(979)
Total Operating Payments	(11,118)	(10,098)	(10,015)	(9,471)	(9,790)	(9,775)
Net Cash Inflows from Operating Activities	4,327	3,879	3,577	3,974	3,774	4,048
Cash Flows from Investments in Non-Financial Assets						
Purchases of non-financial assets	(2,509)	(3,130)	(3,115)	(3,514)	(3,028)	(3,001)
Sales of non-financial assets	47	11	29	10	10	8
Net Cash Flows from Investments in Non-financial Assets	(2,462)	(3,119)	(3,086)	(3,504)	(3,018)	(2,993)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(988)	284	742	45	(325)	(563)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	71	(3)	(4)	(12)	(13)	(13)
Receipts from Financing Activities						
Advances received (net)	(1)	(1)	(1)	(1)	(1)	(1)
Borrowing (net)	(32)	471	446	735	941	582
Dividends paid	(1,658)	(1,805)	(1,835)	(1,462)	(1,323)	(1,040)
Deposits received (net)	(2)	—	—	—	—	—
Other financing (net)	(138)	60	164	205	100	—
Net Cash Flows from Financing Activities	(1,831)	(1,275)	(1,225)	(522)	(282)	(459)
Net Increase/(Decrease) in Cash held	(883)	(233)	3	(20)	136	19
Net cash from operating activities	4,327	3,879	3,577	3,974	3,774	4,048
Net cash flows from investments in non-financial assets	(2,462)	(3,119)	(3,086)	(3,504)	(3,018)	(2,993)
Dividends paid	(1,658)	(1,805)	(1,835)	(1,462)	(1,323)	(1,040)
Surplus/(Deficit)	207	(1,045)	(1,344)	(992)	(567)	14
Derivation of ABS GFS Cash Surplus/Deficit						
Cash surplus/(deficit)	207	(1,045)	(1,344)	(992)	(567)	14
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	207	(1,045)	(1,344)	(992)	(567)	14

Note:

1. Numbers may not add due to rounding.

Table 14: Non-financial Public Sector Cash Flow Statement¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 MYFER \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Cash Receipts from Operating Activities						
Taxes received	12,982	13,891	13,910	14,815	15,540	16,352
Grants and subsidies received	28,048	27,788	28,344	28,563	29,168	29,993
Sales of goods and services	18,210	16,609	16,229	16,184	16,469	16,815
Interest receipts	2,421	2,217	2,253	2,193	2,006	1,959
Dividends and income tax equivalents	220	166	161	206	172	188
Other receipts	7,416	7,222	8,030	7,304	6,981	6,884
Total Operating Receipts	69,298	67,892	68,927	69,263	70,336	72,192
Cash Payments for Operating Activities						
Payments for employees	(27,749)	(29,743)	(29,779)	(30,891)	(31,883)	(33,010)
Payments for goods and services	(22,157)	(19,789)	(20,258)	(19,078)	(19,360)	(19,789)
Grants and subsidies	(7,602)	(9,247)	(9,513)	(9,919)	(9,312)	(9,208)
Interest paid	(3,315)	(3,202)	(3,218)	(3,321)	(3,408)	(3,587)
Other payments	(647)	(503)	(507)	(463)	(493)	(498)
Total Operating Payments	(61,470)	(62,484)	(63,274)	(63,671)	(64,457)	(66,092)
Net Cash Inflows from Operating Activities	7,827	5,408	5,652	5,592	5,879	6,100
Cash Flows from Investments in Non-Financial Assets						
Purchases of non-financial assets	(7,644)	(9,057)	(9,095)	(10,933)	(10,478)	(10,182)
Sales of non-financial assets	339	356	447	382	353	173
Net Cash Flows from Investments in Non-financial Assets	(7,305)	(8,701)	(8,648)	(10,551)	(10,125)	(10,010)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	484	(104)	(75)	14	(28)	(46)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	(1,024)	2,873	2,312	4,235	807	(100)
Receipts from Financing Activities						
Advances received (net)	(34)	(16)	(25)	(91)	(41)	(21)
Borrowing (net)	(428)	78	12	753	3,620	4,028
Deposits received (net)	5	(47)	(47)	—	—	—
Other financing (net)	(138)	—	—	—	—	—
Net Cash Flows from Financing Activities	(595)	15	(59)	661	3,578	4,007
Net Increase/(Decrease) in Cash held	(612)	(509)	(819)	(49)	111	(48)
Net cash from operating activities	7,827	5,408	5,652	5,592	5,879	6,100
Net cash flows from investments in non-financial assets	(7,305)	(8,701)	(8,648)	(10,551)	(10,125)	(10,010)
Surplus/(Deficit)	522	(3,293)	(2,996)	(4,959)	(4,246)	(3,909)
Derivation of ABS GFS Cash Surplus/Deficit						
Cash surplus/(deficit)	522	(3,293)	(2,996)	(4,959)	(4,246)	(3,909)
Acquisitions under finance leases and similar arrangements	(584)	(864)	(864)	(287)	—	—
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	(62)	(4,157)	(3,860)	(5,246)	(4,246)	(3,909)

Note:

1. Numbers may not add due to rounding.

TAXATION AND ROYALTY REVENUE ASSUMPTIONS

TAXATION AND ROYALTY REVENUE ASSUMPTIONS

Table 15: Taxation and royalty revenue¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 MYFER \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Payroll tax	3,906	4,086	4,116	4,323	4,563	4,839
Transfer duty	3,023	3,214	3,254	3,301	3,481	3,680
Other duties	1,474	1,572	1,572	1,649	1,731	1,817
Gambling taxes and levies	1,190	1,307	1,333	1,400	1,460	1,520
Land tax	1,180	1,313	1,328	1,368	1,433	1,512
Motor vehicle registration	1,770	1,829	1,847	1,902	1,971	2,043
Other taxes	701	834	744	1,175	1,231	1,298
Total taxation revenue	13,244	14,155	14,194	15,118	15,871	16,709
Royalties						
Coal	3,737	3,522	4,261	3,501	3,196	3,171
Petroleum ²	187	447	422	470	495	490
Other royalties ³	372	479	443	519	528	531
Land rents	160	167	167	168	169	172
Total royalties and land rents	4,455	4,615	5,292	4,657	4,388	4,364

Notes:

1.
- Numbers may not add due to rounding.
2.
- Includes impact of liquefied natural gas (LNG).
3.
- Includes base and precious metal and other mineral royalties.

Table 16: Royalty assumptions

	2018-19 MYFER	2019-20 Projection	2020-21 Projection	2021-22 Projection
Tonnages – crown export ¹ coal (Mt)	218	231	232	235
Exchange rate US\$ per A\$ ²	0.73	0.74	0.74	0.74
Year average coal prices (US\$ per tonne)³				
Hard coking	190	153	142	140
Semi-soft	137	119	112	111
Thermal	105	89	83	80
Year average oil price				
Brent (\$US per barrel) ⁴	73	70	69	67

Notes:

1.
- Excludes coal produced for domestic consumption and coal where royalties are not paid to the Government, i.e. private royalties 2018-19 estimate for domestic coal volume is approximately 26.9 Mt and private coal is 11.3 Mt.
2.
- Year average.
3.
- Price for highest quality coking and thermal coal. Lower quality coal can be sold below this price with indicative average prices for 2018-19 as follows: Hard coking US\$174 and thermal US\$84.
4.
- Published Brent oil prices are lagged by one quarter to better align with royalty revenue.

KEY FISCAL AGGREGATES

KEY FISCAL AGGREGATES

Table 17: Key Fiscal Aggregates¹

	2010-11 Actual ² \$ million	2011-12 Actual ² \$ million	2012-13 Actual ² \$ million	2013-14 Actual ² \$ million	2014-15 Actual ² \$ million	2015-16 Actual ² \$ million	2016-17 Actual ² \$ million	2017-18 Actual ² \$ million	2018-19 Revised \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
General Government												
Total revenue	42,013	45,801	41,755	46,705	49,970	50,780	56,194	58,087	59,002	59,614	60,403	62,167
Tax revenue	9,981	10,608	10,937	11,840	12,598	12,547	12,919	13,244	14,194	15,118	15,871	16,709
Total expenses	43,479	46,028	46,313	46,217	49,551	50,112	53,369	56,335	58,478	59,421	60,258	62,048
Employee expenses	16,826	18,250	18,130	17,816	18,592	20,045	21,258	22,678	23,987	24,841	25,777	26,779
Net operating balance	(1,466)	(226)	(4,558)	488	420	668	2,825	1,753	524	193	145	119
Capital purchases	8,237	7,971	7,001	6,323	4,635	4,044	4,620	5,127	5,981	7,420	7,451	7,182
Net capital purchases	5,579	5,241	3,387	3,085	996	1,163	2,265	2,339	3,156	3,903	3,561	3,425
Fiscal balance	(7,045)	(5,467)	(7,944)	(2,597)	(576)	(495)	560	(586)	(2,632)	(3,710)	(3,416)	(3,305)
Borrowings	24,594	29,518	37,879	41,369	43,105	35,486	33,240	31,530	33,242	36,787	39,436	42,874
Net debt	(9,542)	(5,720)	2,466	5,208	5,749	654	(355)	(494)	2,088	6,380	9,779	13,251
Non-Financial Public Sector												
Total revenue	49,040	52,307	49,181	53,502	56,178	57,393	64,855	66,175	66,564	66,962	68,193	70,228
Capital purchases	13,306	11,980	10,774	9,313	7,811	6,852	7,291	7,644	9,095	10,933	10,478	10,182
Borrowings	53,708	61,542	69,086	72,637	75,233	72,922	71,884	69,522	71,609	75,875	79,473	83,505

Notes:

1. Bracketed numbers represent negative amounts.
2. With the implementation of the latest GFS Manual (AGFS15), some categories have been restated above to ensure comparability.

KEY FISCAL AGGREGATES

Table 18: Key Fiscal Indicators¹

	2010-11 Actual ² %	2011-12 Actual ² %	2012-13 Actual ² %	2013-14 Actual ² %	2014-15 Actual ² %	2015-16 Actual ² %	2016-17 Actual ² %	2017-18 Actual ² %	2018-19 Revised %	2019-20 Projection %	2020-21 Projection %	2021-22 Projection %
General Government												
Revenue/GSP	16.2	16.5	14.8	16.1	16.9	16.7	17.2	16.7	16.1	15.8	15.4	15.2
Tax/GSP	3.8	3.8	3.9	4.1	4.3	4.1	4.0	3.8	3.9	4.0	4.0	4.1
Own source revenue/GSP	8.3	8.2	8.2	8.6	8.9	8.9	8.8	8.7	8.4	8.2	7.9	7.9
Expenses/GSP	16.7	16.5	16.4	16.0	16.8	16.5	16.3	16.2	15.9	15.7	15.3	15.2
Employee expenses/GSP	6.5	6.6	6.4	6.2	6.3	6.6	6.5	6.5	6.5	6.6	6.6	6.5
Net operating balance/GSP	(0.6)	(0.1)	(1.6)	0.2	0.1	0.2	0.9	0.5	0.1	0.1	0.0	0.0
Capital purchases/GSP	3.2	2.9	2.5	2.2	1.6	1.3	1.4	1.5	1.6	2.0	1.9	1.8
Net cash inflows from operating activities/Net cash flows from investments in non-financial assets												
Fiscal balance/GSP	26.3 (2.7)	36.3 (2.0)	(40.7) (2.8)	45.9 (0.9)	97.5 (0.2)	122.9 (0.2)	134.2 0.2	106.5 (0.2)	70.3 (0.7)	43.7 (1.0)	48.2 (0.9)	44.1 (0.8)
Borrowings/GSP	9.5	10.6	13.4	14.3	14.6	11.7	10.2	9.1	9.1	9.7	10.0	10.5
Borrowings/revenue	58.5	64.4	90.7	88.6	86.3	69.9	59.2	54.3	56.3	61.7	65.3	69.0
Revenue growth	13.3	9.0	(8.8)	11.9	7.0	1.6	10.7	3.4	1.6	1.0	1.3	2.9
Tax growth	12.6	6.3	3.1	8.3	6.4	(0.4)	3.0	2.5	7.2	6.5	5.0	5.3
Expenses growth	17.2	5.9	0.6	(0.2)	7.2	1.1	6.5	5.6	3.8	1.6	1.4	3.0
Employee expenses growth	17.6	8.5	(0.7)	(1.7)	4.4	7.8	6.1	6.7	5.8	3.6	3.8	3.9
Non-Financial Public Sector												
Capital purchases/GSP	5.1	4.3	3.8	3.2	2.6	2.3	2.2	2.2	2.5	2.9	2.7	2.5
Borrowings/GSP	20.7	22.1	24.5	25.1	25.5	24.0	22.0	20.0	19.5	20.1	20.2	20.4
Borrowings/revenue	109.5	117.7	140.5	135.8	133.9	127.1	110.8	105.1	107.6	113.3	116.5	118.9
Net financial liabilities ² /revenue	112.3	132.1	157.1	148.7	140.7	144.0	128.3	125.8	128.8	134.3	136.9	136.6

Notes:

1. Bracketed numbers represent negative amounts.
2. UPF definition, which is equal to total financial assets less investments in other public sector entities less total liabilities.
3. With the implementation of the latest GFS Manual (AGFS15), some categories have been restated above to ensure comparability.



Queensland
Government

EXHIBIT (d)

**Securities of the Registrant Outstanding
as of June 30, 2018.**

The following table shows at June 30, 2018 the amount of contract maturities of the Corporation’s outstanding indebtedness maturing over the next five years and for subsequent years. The face value of maturing paper is used in the maturity structure. Accordingly, comparisons with the market value of debt disclosed under the heading “Guaranteed Debt On-lent by Queensland Treasury Corporation” in Exhibit (e) are irrelevant.

Outstanding Indebtedness of QTC (Face Value) Maturity Analysis					
	0-3 months	3-12 months	1-5 years (in A\$ millions)	Over 5 years	Total
Offshore Debt ⁽¹⁾	1,158	—	—	965	2,123
Domestic Debt ⁽²⁾⁽³⁾	4,177	28,856	9,692	43,804	86,529
Total	5,335	28,856	9,692	44,769	88,652

- (1)

These totals have been translated into Australian dollars at a rate of exchange applicable at the balance date and do not include the net effect of currency swaps and forward currency contracts. They include US\$863 million outstanding under the Corporation’s United States and European Commercial Paper Facilities as at June 30, 2018 (2017: US\$709 million) and US\$713 million outstanding under the Corporation’s United States and European Euro Medium-Term Note Facilities as at June 30, 2018 (2017: US\$1,274 million).
- (2)

Maturities are included at face value.
- (3)

These totals include A\$4,255 million outstanding under the Corporation’s Australian dollar Treasury note facility as at June 30, 2018 (2017: A\$4,485 million).

Other Guaranteed Debt and Contingent Liabilities

Under the provisions of the *Statutory Bodies Financial Arrangements Act 1982* (as amended by the Statutory Bodies Financial Arrangements Amendment Act 1996 and the Statutory Bodies Financial Arrangements Amendment Regulations), financial arrangements entered into by a statutory body may be guaranteed by the Treasurer on behalf of the Government of Queensland. That legislation also preserves similar guarantees given under legislation that it replaced. In addition, the *Economic Development Act 2012* preserves guarantees of borrowings of other bodies made under the *Statutory Bodies Financial Arrangements Act 1982*. Guarantees are also given in respect of borrowings made by Co-operative Housing Societies which on-lend funds for home purchase.

The Queensland Government also guarantees all insurance policies issued prior to December 1, 1996 by the Suncorp Insurance and Finance Corporation (“Suncorp”). Suncorp, together with Suncorp Building Society and Queensland Industry Development Corporation merged with Metway Bank Limited with effect from December 1, 1996. Pursuant to the provisions of the *State Financial Institutions and Metway Merger Facilitation Act 1996*, policies or contracts of insurance or indemnity issued by Suncorp prior to December 1, 1996 will continue to be guaranteed by the Queensland Government.

Exchange Rate of the Australian Dollar

Exchange rates for the major currencies in which debt of Queensland Treasury Corporation and Queensland is denominated, expressed as an Australian dollar against the foreign currency equivalent, are shown in the table below:

Currency Year average	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
US Dollar	1.0273	0.9184	0.8372	0.7285	0.7542	0.7754
Japanese Yen	89.84	92.79	95.54	85.01	82.27	85.56
Swiss Franc	0.9675	0.8307	0.7892	0.7135	0.7476	0.7526
Pounds Sterling	0.6550	0.5653	0.5305	0.4917	0.5949	0.5760
Euro	0.7949	0.6771	0.6961	0.6564	0.6919	0.6499
NZ Dollar	1.2496	1.1065	1.0757	1.0907	1.0587	1.0853

Source: Thomson Reuters.

EXHIBIT (e)

Co-registrant's outstanding debt to the Commonwealth as of June 30, 2018, and its contingent liability as guarantor of the outstanding debt of other entities as of the end of the last five fiscal years.

PUBLIC DEBT

The public sector indebtedness of Queensland is comprised of a number of distinct categories: Public Debt to the Commonwealth, Other State Debt to the Commonwealth, Queensland Treasury Corporation Guaranteed Debt and Other Guaranteed Debt and Contingent Liabilities.

During April 1995, the Commonwealth Government and Queensland Government entered into an agreement (the “1995 Financial Agreement”) whereby Queensland would pre-redeem its debt to the Commonwealth. This was carried out in July 1995.

State Debt to the Commonwealth

In addition to the funds lent to the States pursuant to the 1995 Financial Agreement, the Commonwealth Government also lends funds to the States in accordance with a variety of agreed Commonwealth/State programs. In general, these funds are on-lent to borrowers in accordance with the terms of the agreed program, with repayment being made to the State from the revenues of the ultimate borrowers. When on-lent by Queensland, the debt is generally secured by State claims on tangible assets of the ultimate borrower.

The following table outlines the outstanding advances made by the Commonwealth under this category of debt.

Other State Debt to the Commonwealth and Treasury

Agreement/Program	As at June 30,							
	2011	2012	2013	2014	2015	2016	2017	2018
				(A\$ millions)				
Commonwealth and State Housing	391	379	369	351	337	323	308	293
Other (incl. Natural Disaster Relief Assistance)	53	93	98	203	288	191	178	169
Total	444	472	467	554	625	514	486	463

Guaranteed Debt On-lent by Queensland Treasury Corporation

Queensland Treasury Corporation’s (the “Corporation” or “QTC”) primary function to date has been to act as a central financing authority for on-lending funds raised by it to Queensland Government Bodies. The Treasurer of Queensland, on behalf of the State Government, guarantees QTC’s obligations under all debt securities issued by QTC. The Corporation’s guaranteed debt (market value), as at the end of each of the last five fiscal years, and the distribution of this debt among various borrowing authorities is detailed in the following table:

Guaranteed Debt On-lent by Queensland Treasury Corporation					
Distribution of Debt	2014	2015	2016	2017	2018
	(A\$ millions)				
Bodies within the Public Accounts					
Department of Education and Training	63	58	53	48	43
Department of State Development	90	79	75	66	58
Department of Transport and Main Roads – Main Roads	936	852	758	749	668
Department of Transport and Main Roads – Queensland Transport	105	105	105	—	—
Public Works – Department of Housing and Public Works	17	15	14	10	9
Queensland Health	83	71	58	43	—
Queensland Treasury	41,483	43,605	37,324	32,728	30,400
Other	156	153	164	185	205
Government Owned Corporations					
CS Energy Ltd	925	939	966	924	720
Energy Queensland Limited	—	—	18,497	17,767	17,607
Energex Limited	6,706	7,006	—	—	—
Ergon Energy Corporation Limited	5,396	5,507	—	—	—
Port Authorities & Facilities (various)	964	962	947	1,401	1,403
Powerlink	4,423	4,762	5,526	5,371	5,355
Stanwell Corporation Limited	639	903	981	937	921
Local Governments					
Brisbane City Council	2,918	2,404	1,927	2,283	2,195
Cairns Regional Council	98	97	96	86	110
Fraser Coast Regional Council	123	170	160	138	119
Gladstone Regional Council	191	186	171	155	144
Gold Coast City Council	882	878	876	786	723
Ipswich City Council	457	277	300	280	257
Logan City Council	247	285	292	229	214
Mackay Regional Council	263	224	224	201	185
Moreton Bay Regional Council	447	454	471	444	435
Redland City Council	67	63	59	51	45
Rockhampton Regional Council	171	172	172	155	132
Sunshine Coast Regional Council	249	297	340	308	307
Toowoomba Regional Council	173	185	215	193	181
Townsville City Council	388	389	409	427	396
Other	805	820	704	713	697
Statutory Bodies					
Grammar schools	115	114	114	104	94
Seqwater	10,531	10,863	11,522	10,949	10,827
Unitywater	412	418	432	419	416
Universities	226	280	334	373	407
Water Boards	247	236	246	253	280

Guaranteed Debt On-lent by Queensland Treasury Corporation

Distribution of Debt	2014	2015	2016	2017	2018
			(A\$ millions)		
Other	198	169	151	202	261
Other Bodies					
DBCT Holdings Pty Ltd	158	148	139	130	122
Queensland Rail Limited	3,352	3,386	3,455	3,627	3,666
Queensland Urban Utilities	599	1,579	2,124	2,070	2,067
Other	307	309	329	296	287
Total Funds On-lent	85,609	89,419	90,823	85,102	81,952
Undistributed borrowings	8,418	12,013	9,856	13,361	14,580
Total Guaranteed Debt	94,027	101,432	100,679	98,463	96,532

The Corporation raises funds in both the domestic and international capital markets with the market value of borrowings under management as at June 30, 2018 at A\$96.532 billion, which includes A\$2.186 billion of debt issued under overseas funding programs based on the prevailing rates of exchange at June 30, 2018. The Corporation hedges its foreign debt portfolio through interest rate and currency swaps and other hedging and currency switching transactions.

Outstanding Domestic Australian Dollar Indebtedness as
at June 30, 2018

Coupon Rate (% per annum)	Maturity Date	Face Value (AUD)	Market Value (AUD)
QTC Bonds			
6.25	June-2019	1,567,420,000	1,635,142,402
4.00	June-2019	5,968,131,000	6,084,980,130
6.25	February-2020	9,616,800,000	10,469,970,432
6.00	June-2021	859,351,000	955,680,626
5.50	June-2021	7,891,877,000	8,630,288,931
6.00	July-2022	8,232,759,000	9,585,709,247
4.25	July-2023	8,187,000,000	8,991,172,179
3.00	March-2024	750,000,000	770,195,895
5.75	July-2024	8,303,500,000	9,938,902,642
4.75	July-2025	7,937,900,000	9,092,147,838
3.25	July-2026	5,926,243,000	6,144,287,406
2.77	August-2027	4,690,000,000	4,628,603,839
3.25	July-2028	3,782,700,000	3,888,820,226
Capital Indexed Bond (CIB)	August-2030	761,782,589	892,622,628
3.50	August-2030	1,750,000,000	1,810,345,789
6.50	March-2033	1,210,100,000	1,685,595,978
4.20	February-2047	505,000,000	562,263,790
Treasury Notes			
Various	July-2018	1,750,000,000	1,748,233,358
Various	August-2018	1,480,000,000	1,476,447,379
Various	September-2018	925,000,000	921,173,756
Various	December-2018	100,000,000	99,040,905
Floating Rate Notes			
3 mth BBSW + 6bps	November-2018	2,000,000,000	2,004,152,850
3 mth BBSW + 14.5 bps	February-2022	2,000,000,000	2,005,599,662
Other loans			
Various	2018	33,323,000	33,572,716
Various	2019	96,913,000	97,540,273
Various	2020	71,502,500	71,355,438
Various	2021	62,800,000	62,893,984
Various	2022	59,350,000	59,587,034
Total		86,519,452,089	94,346,327,335

Outstanding Offshore Indebtedness

Global A\$ Bonds
as at June 30, 2018.

<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Currency</u>	<u>Face Value (AUD)</u>	<u>Market Value (AUD)</u>
			—	—
Total			—	—

Euro Medium-Term Notes
as at June 30, 2018.

<u>Year of Issue</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Currency</u>	<u>Face Value (AUD)</u>	<u>Market Value (AUD)</u>
2013	2.650%	April-2039	JPY	183,472,233	251,883,868
2013	1.730%	September-2039	CHF	149,679,567	174,390,217
2016	1.640%	November-2046	EUR	110,225,616	103,822,723
2017	1.640%	November-2046	CHF	521,209,700	490,933,163
Total				964,587,116	1,021,029,971

Commercial Paper
as at June 30, 2018.

<u>Year of Issue</u>	<u>Yield</u>	<u>Maturity</u>	<u>Currency</u>	<u>Face Value (AUD)</u>	<u>Market Value (AUD)</u>
2018	1.810%	July-18	AUD	10,000,000	9,997,906
2018	1.740%	July-18	USD	67,632,534	67,610,595
2018	1.750%	July-18	USD	67,632,534	67,610,595
2018	1.760%	July-18	USD	67,632,534	67,599,337
2018	1.770%	July-18	USD	14,202,832	14,195,861
2018	2.100%	August-18	USD	135,265,068	134,899,204
2018	2.010%	August-18	USD	202,897,603	202,286,090
2018	2.000%	August-18	USD	135,265,068	134,857,394
2018	0.540%	August-18	GBP	230,598,608	230,369,972
2018	2.110%	September-18	USD	101,448,801	101,005,579
2018	2.140%	September-18	USD	135,265,068	134,659,158
Total				1,167,840,652	1,165,091,693

EXHIBIT (f)

**Description of Queensland and
Queensland Treasury Corporation.**

FORWARD-LOOKING INFORMATION

This exhibit contains forward-looking statements. Statements that are not historical facts, including statements about the Queensland Treasury Corporation's (the "Corporation" or "QTC") and the State of Queensland's (the "State" or "Queensland") beliefs and expectations, are forward-looking statements. These statements are based on current plans, budgets, estimates and projections and therefore you should not place undue reliance on them. The words "believe", "may", "will", "should", "estimate", "continue", "anticipate", "intend", "expect", "forecast" and similar words are intended to identify forward-looking statements. Forward-looking statements speak only as of the date they are made, and neither the Corporation nor the State undertake any obligation to update publicly any of them in light of new information or future events.

Forward-looking statements are based on current plans, estimates and projections and, therefore, undue reliance should not be placed on them. Although the Corporation and the State believe that the beliefs and expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such beliefs and expectations will prove to have been correct. Forward-looking statements involve inherent risks and uncertainties. We caution you that actual results may differ materially from those contained in any forward-looking statements.

A number of important factors could cause actual results to differ materially from those expressed in any forward-looking statement. Factors that could cause the actual outcomes to differ materially from those expressed or implied in forward-looking statements include, without limitation:

- the international and Australian economies, and in particular the rates of growth (or contraction) of the State's major trading partners;
- the effects, both internationally and in Australia, of any subsequent economic downturn, the effect of ongoing economic, banking and sovereign debt risk, as well as any stalling of the protracted United States recovery;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State's domestic consumption;
- changes in the State's labor force participation and productivity;
- downgrades in the credit ratings of the State or Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

QUEENSLAND TREASURY CORPORATION

In 1982, the State established the Queensland Government Development Authority as a corporation sole constituted by the Under Treasurer pursuant to the *Statutory Bodies Financial Arrangements Act 1982* to act as a central borrowing authority for the State of Queensland. The powers of that statutory body were expanded in 1988 and the name changed to Queensland Treasury Corporation pursuant to the *Queensland Treasury Corporation Act 1988* (the “Act”).

Under the Act, the Corporation has as its statutory objectives:

- (a) to act as a financial institution for the benefit of and the provision of financial resources and services to statutory bodies (as defined in the Act) and the State;
- (b) to enhance the financial position of the Corporation, other statutory bodies and the State; and
- (c) to enter into and perform financial and other arrangements that in the opinion of the Corporation have as their objective:
 - (i) the advancement of the financial interests of the State;
 - (ii) the development of the State or any part thereof; or
 - (iii) the benefit of persons or classes of persons resident in or having or likely to have an association with Queensland.

In furtherance of these objectives, the Act also provides that the Corporation has the following functions:

- (a) to borrow, raise or otherwise obtain financial accommodation in Australia or elsewhere for itself, statutory bodies or other persons;
- (b) to advance money or otherwise make financial accommodation available;
- (c) to act as a central borrowing and capital raising authority for the statutory bodies of the State;
- (d) to act as agent for statutory bodies in negotiating, entering into and performing financial arrangements;
- (e) to provide a medium for the investment of funds of the Treasurer of the State, statutory bodies or any other persons; and
- (f) to manage or cause to be managed the Corporation’s financial rights and obligations.

As at June 30, 2018, the Corporation had assets totaling A\$133.832 billion and liabilities totaling A\$132.677 billion (compared to total assets of A\$138.669 billion and total liabilities of A\$137.414 billion as at June 30, 2017). QTC’s has two reporting segments. The Capital Markets Operations segment is responsible for providing debt funding, liability management, cash management and financial risk management advice to its public sector clients, while the Long Term Assets segment holds a portfolio of assets which are held to fund the superannuation and other long-term obligations of the State.

For its Capital Markets Operations segment it had assets totaling A\$103.344 billion and liabilities of A\$102.910 billion as at June 30, 2018 (compared to assets of A\$106.955 billion and liabilities of A\$106.615 billion at June 30, 2017). In relation to the Long Term Assets segment, assets totaled A\$30.488 billion and liabilities totaled A\$29.766 billion as at June 30, 2018 (compared to assets of A\$31.714 billion and liabilities of A\$30.799 billion at June 30, 2017).

The financial statements of the Corporation are comprised of the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Notes to and forming part of the Financial Statements.

Organization of Queensland Treasury Corporation

The Queensland Treasury Corporation Capital Markets Board (the “Board”) was established under section 10 of the Act to determine and implement ongoing strategies for capital market operations.

The present Acting Under Treasurer of the State is Mrs. Mary-Anne Curtis.

The powers, functions and duties of the Under Treasurer (save for those relating to the Long Term Assets segment – see below) have been delegated to the Board. Members of the Board are appointed by the Governor in Council of the State and are not employees of the Corporation. The current Chairman of the Board is Mr. Gerard Bradley.

The Chief Executive of the Corporation is Philip Noble. The senior management structure includes four Managing Directors covering Funding & Markets, Client Advisory, Risk and Financial Operations and Corporate Services. Grant Bush is the Deputy Chief Executive.

The business address of the Corporation and the Board is Level 31, 111 Eagle Street, Brisbane, Queensland.

Borrowing and Lending Activities of the Issuer

With respect to borrowings, the Corporation raises funds in domestic and international capital markets primarily for on-lending to State bodies, which include statutory bodies and authorities, government departments, government owned corporations and local governments (“Government Bodies” or “clients”).

At June 30, 2018, the total borrowings of the Corporation were A\$88.652 billion (A\$96,532 billion in market value). This amount included debt issued under overseas funding programs equivalent to A\$2.132 billion based on the prevailing rates of exchange at June 30, 2018. Included in these overseas borrowings were Australian dollar denominated borrowings of A\$0 billion. All foreign currency borrowings are fully hedged back to Australian dollars by way of cross currency swaps and exchange contracts. The Capital Market Operations segment recorded a profit after tax of A\$94.3 million for the year ended June 30, 2018 compared to A\$129.2 million for the year ended June 30, 2017.

The repayment of principal and the payment of interest on all A\$ Bonds (which, for purposes of the Act and certain other purposes, have been and are identified as “Inscribed Stock”) issued by the Corporation under the domestic A\$ Bond program is unconditionally guaranteed by the Treasurer on behalf of the Government of Queensland pursuant to section 32 of the Act. In relation to all other liabilities of the Corporation, section 33 of the Act provides that the Treasurer on behalf of the Government of Queensland may guarantee with the approval of the Governor in Council the performance of the Corporation’s obligations under any financial arrangements entered into by the Corporation. Pursuant to this provision, all offshore bond, medium-term note and commercial paper programs and issuances undertaken by the Corporation have been guaranteed by the Treasurer. Furthermore, all amounts lawfully payable by the Corporation to its counterparties under relevant ISDA arrangements are guaranteed by the Treasurer pursuant to a deed of guarantee issued under section 33 of the Act.

The Corporation’s borrowing and lending functions are separated. This separation is with a view to the Corporation borrowing in the markets in an orderly manner and, at the same time, reduces the likely negative impact on the Corporation’s interest rates of borrowing large amounts to meet funding requirements when funds are required by clients.

Surplus borrowings are held to manage the Corporation’s refinancing risk, clients’ interest rate risk, and to manage the Corporation’s liquidity risk. To ensure the Corporation has high levels of liquidity, these surpluses are held in funding pools with highly liquid investments being made with high quality credit counterparties.

As at June 30, 2018, the market value of the Corporation’s onlendings to its clients totaled A\$81.952 billion of which A\$26.006 billion was to government owned corporations.

Long Term Assets of the Issuer

QTC holds a portfolio of assets that were transferred to QTC by the Queensland Government under an administrative arrangement. These assets are the investments of QTC’s Long Term Assets segment and were accumulated to fund superannuation and other long-term obligations of the State (the “Long Term Assets”), such as insurance and long service leave. In return, QTC issued to the State fixed rate notes, which has resulted in the State receiving a fixed rate of return on the notes, while QTC bears the impact of fluctuations in the value and returns on the asset portfolio.

The Long Term Asset Advisory Board is responsible for oversight of the Long Term Assets which do not form part of QTC’s day-to-day capital markets operations. The Long Term Assets are held in unit trusts managed by QIC Limited.

During the year ended June 30, 2018 the Long Term Assets segment recorded a loss of A\$193.7 million. Net equity in the Long Term Assets segment at June 30, 2018 totaled A\$721.6 million.

The market value of assets held under this arrangement as at June 30, 2018 totaled A\$30.488 billion, while the liabilities totaled A\$29.766 billion.

Under section 15 of the Act, profits made by the Corporation shall accrue to the benefit of the State’s Consolidated Fund and any losses shall be the responsibility of the State’s Consolidated Fund.

Enterprise wide Risk Management

The Corporation has an established Enterprise wide Risk Management Program including Enterprise wide Risk Management policies and procedures. As part of this Enterprise wide Risk Management Program, the Corporation continues to monitor and manage its risks through identification of both material and non-material risks. Material risks are those risks that have the potential to materially affect the achievement of the Corporation’s objectives. Material risks include the risk that the Corporation cannot access funding to meet debt servicing obligations and client borrowing requirements. This risk has the potential to significantly impact the Corporation’s ability to fulfill its obligations under its funding programs and facilities.

To offset the risks associated with the Corporation’s inability to access suitable funding markets when required, it holds significant levels of high quality liquid assets (HQLA), which can be readily liquidated if required. Included in these HQLA assets are funds held on account of the Corporation borrowing in advance of requirement to fund both the redemption of maturing debt and to fund the Corporation’s clients’ projected debt financing requirements.

While the Corporation is not subject to the Bank of International Settlements, Basel II and Basel III accords, the Corporation and its Board consider relevant aspects of these accords. As a result, the Corporation has in place a comprehensive and strict set of policies to manage liquidity, market and credit risk.

QUEENSLAND

General

The State of Queensland has the second largest land area of the six Australian States and the largest habitable area. It occupies the north-eastern quarter of the Commonwealth of Australia (“Australia” or the “Commonwealth”), covering 1.7 million square kilometers, stretching from the sub-tropical and densely populated southeast to the tropical, sparsely populated Cape York Peninsula in the north. The State’s geography and climate are suitable for the production of a wide variety of agricultural products, the most important being meat, grains, sugar and cotton. In addition, the State has extensive deposits of minerals and gasses (including large reserves of coal and one of the world’s largest known bauxite deposits), a diverse industrial base, well developed ports and transportation systems and an educated workforce. A land transportation network of approximately 10,000 kilometers of railway lines and 184,000 kilometers of roads supports the development of the State’s resources.

Queensland is the third most populous state in Australia with a population of around 5.01 million persons, or 20.1% of Australia’s population at the end of June 2018. Approximately two-thirds of Queensland’s population lives in the Brisbane, Gold Coast and Sunshine Coast regions in the south-eastern corner of the State, an area with mild climate and a developed industrial base. The remainder of the State’s population is spread quite widely, making Queensland’s population the most dispersed of the Australian states.

Brisbane, the capital of Queensland, with its surrounding metropolitan area, has approximately 2.4 million residents. There are nine other population centers in Queensland with over 50,000 residents.

Government of Queensland

The Commonwealth was formed as a federal union on January 1, 1901, when the six British colonies of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania were united as states in a federation. In addition to the six states, Australia has a number of territories including the Northern Territory and the Australian Capital Territory, the latter containing the nation’s capital of Canberra.

The federal Parliament can make laws only on certain matters. These include international and inter-state trade; foreign affairs; defense; immigration; taxation; banking; insurance; marriage and divorce; currency and weights and measures; post and telecommunications; and invalid and old age pensions. On some matters the Commonwealth is given exclusive powers and as such the states are unable to legislate in these areas. On other matters, the Commonwealth and the states have concurrent powers, whereby both the Commonwealth and the states may legislate. The states retain legislative powers over matters not specifically listed in the Constitution of Australia. In cases of conflict in areas where the Commonwealth and states have concurrent powers to make laws, Commonwealth law has priority and the state law is invalid to the extent of any inconsistency.

State powers include control over education, public health, police and justice, transport, roads and railways, industry, mining and agriculture, public works, ports, forestry, electricity, gas, and water supply and irrigation.

While Queensland has autonomy and control in respect of those functions which are its constitutional responsibility, it forms a part of the Commonwealth and in many important respects its economic performance and prospects are closely interrelated with those of Australia as a whole. In particular, primary responsibility for overall economic management in Australia rests with the Commonwealth Government. For example, the Commonwealth Government has responsibility for national budget policy, fiscal policy and external policy. In addition, while most wage rates have been traditionally centrally determined through Federal and state conciliation and arbitration tribunals, legislation over the last two decades underpins a move away from central wage fixation toward enterprise based agreements.

Legislative powers in Queensland are vested in the State Parliament, which consists of a single chamber, the Legislative Assembly, elected by the compulsory vote of all persons 18 years of age or over, for a term not exceeding three years.

The most recent State election was held in November 2017. The Australian Labor Party was returned to Government for a second term after winning 48 seats (of a 93 seat parliament) to form an outright majority. The current Premier is the Honourable Anastacia Palaszczuk, who entered the State Parliament in 2006. The next state election is due to be held in October 2020 and subsequently every four years, following the recent commencement of fixed four-year terms.

The executive power of the State is formally exercised by the Governor of Queensland (the “Governor”), who is the representative of the Crown and is advised by the Executive Council. The Executive Council is comprised of the Governor and the Ministry. The Ministers are members of the party or coalition of parties which command the support of a majority in the Legislative Assembly. Including the Premier, there are at present a total of 18 Ministers. In practice, the executive power of the State is exercised by the Cabinet (which in Queensland, consists of all Ministers) with the decisions of the Cabinet being formally ratified by the Governor when necessary. As is the case federally, it is a well-established convention that, except in extraordinary circumstances, the Governor acts on the advice of the Cabinet.

The authority of Queensland’s Parliament is required for the raising of all state revenues and for all state expenditures. The State’s accounts (including the accounts of the Corporation) are audited on a continuing basis by the State’s Auditor-General, who is an appointee of the Governor in Council and who reports annually to the Queensland Parliament on each year’s financial operations.

Each Minister is responsible to Parliament for the operation of one or more Government departments, as well as any associated statutory authorities. Departments are staffed by independent public servants with each department having a Director-General who, under the *Financial Accountability Act 2009*, is responsible for the financial administration of the funds provided by Parliament for use by that department.

The State judicial system operates principally through the Land Court, Children’s Court, Magistrates Court, the District Court, the Supreme Court and the Queensland Civil and Administrative Tribunal. The Court of Appeal is a division of the Supreme Court. The judiciary in Queensland is appointed by the Crown, as represented by the Governor, acting upon the advice of the Cabinet.

A number of separate entities have been established in Queensland under special Acts of Parliament to carry out particular functions or to provide specific community services. These entities are variously referred to as “Statutory Authorities”, “Statutory Bodies”, “Semi-Government Authorities”, “Local Authorities”, “Local Governments”, “Government Owned Corporations” or “public enterprises”.

QUEENSLAND ECONOMY

Overview

Queensland has a modern, vibrant economy, supported by a diverse range of industries, including agriculture, resources, construction, tourism, manufacturing and services.

Over the past two decades, Queensland's economic growth has generally exceeded the national average. Following the resources investment boom and associated ramp-up in LNG exports in recent years, economic growth is expected to be more wide-ranging and largely in line with national growth in coming years.

Agriculture, forestry and fishing is a vital part of Queensland's diverse economy and an important part of our State's heritage, particularly in rural and regional areas. The bulk of Queensland's agricultural commodities are produced for export, providing a significant contribution to foreign earnings.

Queensland has well developed coal and minerals industries, and the natural gas industry has recently seen rapid expansion and transformation into a major international export sector. The State's coal and bauxite reserves are among the largest in the world, generally of high grade and easily accessible.

Queensland is the world's largest seaborne exporter of metallurgical coal, with a large proportion of the State's coal currently produced from the Bowen Basin. A wide variety of minerals are produced in Queensland, with bauxite, copper, zinc, lead, silver and gold the most common. The largest concentration of minerals mines is in the region around Mount Isa.

While Queensland's natural gas industry has been operating since the 1960s, the development of coal seam gas extraction and the significant investment in Liquefied Natural Gas (LNG) plants at Gladstone has opened the sector up to major export markets in Asia. LNG has become Queensland's second most valuable commodity export after coal.

Most of the resources produced in Queensland are used overseas. Overseas exports of coal, LNG and minerals accounted for around 65% of Queensland's international goods and services exports in 2017-18.

Historically, the manufacturing industry has not been as important to the Queensland economy as other Australian States. Manufacturing in Queensland specialized to meet the internal requirements of the Queensland economy, including minerals processing and agriculture. However, in recent years the manufacturing sector has diversified and expanded into higher value-added and high technology industries.

International and interstate tourism is also an important contributor to the Queensland economy. Queensland boasts many natural attractions, including the Great Barrier Reef, extensive beaches, island resorts and tropical rainforests as well as cosmopolitan cities and a unique countryside.

Like all modern economies, Queensland has an extensive service sector which complements a diverse range of activities, including construction, wholesale and retail trade, communications, business and financial services, as well as the tourism sector.

There have been significant structural changes in the Queensland economy over the past 20 years. The importance of the manufacturing sector has gradually declined over the period, while the importance of the financial and insurance and professional scientific and technical services sectors has increased.

Economic Strategy

The Queensland Government is focused on building a strong economy and providing improved employment opportunities for all Queenslanders, while ensuring a responsible approach to managing the State’s finances.

Since 2015, the Palaszczuk Government’s Economic Plan, as outlined in successive State Budgets, has been integral in driving economic prosperity, jobs and enhancing living standards across the State, through its focus on:

- increasing the economic opportunities available to Queenslanders;
- enhancing the capacity of Queenslanders to access and capitalize on these opportunities; and
- ensuring all Queenslanders share in the prosperity and improved quality of life these opportunities deliver.

The Economic Plan focuses on delivering these outcomes through six key policy channels.

1. Fostering entrepreneurship and innovation;
2. Promoting business investment and exports;
3. Delivering and facilitating productive infrastructure;
4. Growing our human capital;
5. Optimizing the use of our land and natural resources; and
6. Leading an innovative, active and responsive public sector.

Consistent with one of the key planks of the Economic Plan, delivering and facilitating productive infrastructure, the Government is delivering on its substantial significant capital works program outlined in the 2018-19 Budget, thereby unlocking economic and business growth opportunities and acting as a catalyst for private sector investment and innovation across the State.

Consistent with the Economic Plan, the Government is also maintaining an ongoing focus on building the productive capacity and resilience of the State’s traditional, emerging and new industries, which is critical to driving sustainable economic growth and supporting the ongoing prosperity of Queensland families, communities and regions.

Economic Growth

Queensland’s economy grew 3.4% in 2017-18, up from 2.0% recorded in the previous year. Real gross state product (GSP) growth in 2017-18 was primarily driven by growth in household consumption, a rebound in business investment and the balancing item (which includes inter alia interstate trade and change in inventories). Net exports overseas detracted from growth, driven by strong growth in overseas imports, while dwelling investment also declined.

Real Economic Growth - Queensland and Australia
(original, CVM^(a))

Year	Queensland GSP		Australia GDP	
	A\$ Billion	% Change	A\$ Billion	% Change
2012-13	304.3	2.8	1,597.1	2.6
2013-14	310.9	2.2	1,638.1	2.6
2014-15	314.1	1.0	1,676.4	2.3
2015-16	322.0	2.5	1,724.1	2.8
2016-17	328.4	2.0	1,764.5	2.3
2017-18	339.5	3.4	1,814.5	2.8

(a) Chain volume measures; reference year 2016-17.

Source: ABS 5220.0.

Major Economic Indicators

The following table lists selected major economic indicators for Queensland:

Queensland Major Economic Indicators

	2013-14	2014-15	2015-16	2016-17	2017-18
Overseas merchandise exports (A\$ billion)	44.8	46.5	47.9	66.5	74.3
Retail turnover (A\$ billion)	57.0	58.6	60.2	61.9	62.5
Private gross fixed capital formation (A\$ billion)	83.6	71.4	63.2	65.3	69.3
Resources production (A\$ billion) ^(a)	30.8	32.1	29.9	43.9	n/a
Agricultural production (A\$ billion)	12.0	13.3	14.6	14.9	14.7
Employment ('000) ^(b)	2,320	2,327	2,366	2,369	2,467
Unemployment rate (%) ^(b)	6.0	6.5	6.2	6.2	6.0
Increase in consumer prices (%) ^(b)	2.8	1.9	1.6	1.7	1.7
Average weekly ordinary time earnings (A\$) ^(b)	1,090	1,106	1,118	1,123	1,150

(a) Excludes oil and gas.

(b) Year-average.

Note: All monetary values are in current prices.

n/a: 2017-18 data not available.

Sources: ABS 5220.0; 5368.0; 6202.0; 6302.0; 6401.0; 8501.0; Queensland Department of Agriculture and Fisheries; Queensland Department of Natural Resources, Mines and Energy.

Structure of the Queensland Economy

The following table shows the annual percentage changes and contributions to growth in GSP/GDP in Queensland and Australia for 2016-17 and 2017-18.

Components of Economic Growth (original, CVM ^(a))								
	Queensland				Australia			
	Annual Growth (%)		Contribution to GSP growth (% points)		Annual Growth (%)		Contribution to GDP growth (% points)	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
Household consumption	2.2	2.8	1.3	1.6	2.4	2.9	1.3	1.6
Private gross fixed capital formation	1.6	4.8	0.3	1.0	-3.1	5.0	-0.6	1.0
- Dwellings	3.4	-4.8	0.2	-0.3	2.5	-0.1	0.1	0.0
- Business investment	-1.2	12.7	-0.1	1.3	-9.5	9.9	-1.0	0.9
(i) Non-dwelling construction	-6.3	16.3	-0.4	1.0	-16.8	11.9	-1.1	0.6
(ii) Machinery and equipment	7.0	7.7	0.3	0.3	2.4	7.1	0.1	0.3
- Other private investment	7.5	-1.7	0.2	-0.1	5.2	1.9	0.2	0.1
Private final demand ^(b)	2.1	3.3	1.6	2.6	0.9	3.4	0.7	2.6
Public final demand ^(b)	5.4	4.2	1.3	1.0	6.5	3.5	1.5	0.8
Overseas exports	6.9	1.4	1.7	0.4	5.4	3.4	1.1	0.7
Overseas imports	6.2	14.0	-1.0	-2.3	4.7	6.6	-0.9	-1.4
Balancing item	n/a	n/a	-2.0	1.5	n/a	n/a	-0.1	0.1
Statistical discrepancy	n/a	n/a	0.4	0.2	n/a	n/a	0.0	0.0
GSP/GDP	2.0	3.4	2.0	3.4	2.3	2.8	2.3	2.8

- (a) Chain volume measure; reference year 2016-17.
- (b) Final demand constitutes final consumption expenditure plus gross fixed capital formation.

n/a: Not applicable.

Source: ABS 5220.0.

Based on ABS *Annual State Accounts* (5220.0) data (see table above), key features are:

- Household consumption in Queensland rose 2.8% in 2017-18, following a 2.2% rise in the previous year. Households’ income growth picked up in 2017-18, as a result of strong employment growth.
- Dwelling investment fell 4.8% in 2017-18, following three consecutive years of strong growth from 2013-14 to 2015-16. Sustained low interest rates, and strong investor interest (particularly as Brisbane’s rental yields are higher than those in major southern capitals) have supported dwelling investment in recent years. However, a substantial buildup of apartments, particularly in inner Brisbane, along with a tightening of lending standards for investors and concerns about contagion from falling property prices in Sydney and Melbourne suggests dwelling investment will be constrained in 2018 19 and 2019-20.
- Business investment in Queensland rose 12.7% in 2017-18, the first year of growth following four years of decline as the LNG construction boom wound down. Growth in the year was driven by engineering construction (up 18.9%), supported by investment in solar farms. Machinery and equipment investment (up 7.7%) and new building construction (up 7.0%) grew solidly in 2017-18.
- Overseas exports grew 1.4% in 2017-18, supported by a recovery in coal exports. Overseas imports grew 14.0% in 2017-18, driven by an increase in capital goods imports. As a result, net overseas exports detracted 1.9 percentage points from Queensland’s economic growth in 2017-18.

Overseas Merchandise Exports

Queensland is Australia’s second largest exporting state, accounting for 23.86% of Australia’s total merchandise exports in 2017-18.

The nominal value of Queensland’s overseas merchandise exports rose 11.7% in 2017-18, driven by higher export prices for coal and LNG.

The value of Queensland’s coal exports rose A\$4.4 billion, to A\$40.3 billion in 2017-18, reflecting an increase in both prices and volumes for all three types of coal, particularly hard-coking coal. Hard-coking coal volumes increased over the year due to a pick-up following significant disruptions to coal rail infrastructure caused by Severe Tropical Cyclone Debbie in April and May 2017.

Queensland Treasury estimates the value of LNG exports rose A\$2.1 billion to A\$10.7 billion in 2017-18. The increase was driven by higher export prices, which are linked to oil prices. LNG exports volumes have now largely plateaued, with volumes growing only 4.8% in 2017 18, following growth of 59.6% in 2016-17 and 654.3% in 2015-16.

The value of meat exports rose 8.7%, to A\$5.1 billion in 2017-18, driven by an increase in export volumes. Dry weather conditions are encouraging graziers to unload cattle stock, driving increased beef export volumes following significant falls in recent years.

Partly offsetting these gains was the fall in the nominal value of crop exports, particularly chickpeas. The value of chickpea exports fell by over 50% in 2017-18, reflecting both lower production and a fall in demand due to the tariffs imposed by the Indian government since December 2017 (previously Queensland’s largest chickpea export market).

Overseas Merchandise Exports, Queensland
(A\$ million, current prices)

Export Categories ^(a)	2015-16	2016-17	2017-18 ^(p)
Rural^(b)			
Meat	5,308	4,658	5,062
Textile fibers	522	873	247
Cereals and cereal preparations	452	527	272
Vegetables and fruit	1,109	1,853	1,191
Feeding stuff for animals	153	132	135
Other rural	1,609	1,720	1,761
Total	9,153	9,762	8,669
Crude minerals			
Coal, coke and briquettes ^(c)	21,339	35,842	40,272
Metalliferous ores ^(d)	4,336	4,478	5,575
Petroleum and related products/materials	105	80	104
Gas, natural and manufactured ^(e)	5,111	8,654	10,710
Other crude minerals	14	17	22
Total	30,904	49,071	56,682
Processed minerals and metals^(b)			
Non-ferrous metals ^(b)	4,152	3,943	3,747
Other processed minerals and metals	226	263	287
Total	4,377	4,207	4,033
Other manufactures			
Machinery and non-transport equipment	1,166	1,276	1,390
Chemicals, fertilizers (excl. crude), plastics, etc.	758	639	873
Transport equipment	369	400	516
Leather, rubber, other materials, furniture, clothing, etc.	256	244	253
Miscellaneous manufactures and beverages	483	497	552
Total	3,032	3,056	3,583
Manufactures (sum of processed minerals and metals and other)	7,409	7,263	7,617
Confidential and special	400	390	1,329
Total overseas exports of merchandise goods^(b)	<u>47,866</u>	<u>66,486</u>	<u>74,,297</u>

- (p) Preliminary.
- (a) Based on the Standard International Trade Classification (SITC), Revision 3.
- (b) Sugar and some processed metal exports are not available at the state level and therefore the State total understates the actual amount of exports.
- (c) Includes Queensland Treasury’s estimate of coal exports which have been confidentialized by the ABS.
- (d) Includes Queensland Treasury’s estimate of alumina exports which have been confidentialized by the ABS.
- (e) Includes Queensland Treasury’s estimate of liquefied natural gas exports which have been confidentialized by the ABS.

Note: Values have been rounded to the nearest A\$ million.

Source: ABS unpublished foreign trade data.

Queensland produces a wide variety of mineral and agricultural commodities for export. The development of large capacity rail and port facilities has increased Queensland’s competitiveness in world markets and has improved access to significant Asian and European markets.

In the 2017-18 financial year, the A\$ exchange rate averaged US\$0.78 (a 2.8% appreciation on the previous year, but a 24.5% depreciation compared to five years ago). A sustained lower A\$ is seen as an important element in stimulating non-mining sectors of the economy, including agricultural and service exports, as they become relatively cheaper for foreign buyers. So far in 2018-19, the A\$ has depreciated further against the US\$, averaging US\$0.72 in November 2018.

Although Queensland exports to a range of overseas markets, the major destinations for Queensland merchandise are countries in Asia, which account for around 82% of all exports (see table below). China remained Queensland’s largest export market in 2017-18, accounting for 30.4% of the State’s overseas merchandise exports, increasing its share by 4.3 percentage points from 2016-17. Japan had been Queensland’s largest export market for several decades prior to 2012-13, but its share of total exports has been trending downwards primarily due to growth in exports to China. Other major export markets in 2017-18 included India, South Korea and the European Union.

The major destinations for Queensland’s exports in recent years are outlined in the following table:

Queensland’s Major Overseas Markets for Exports of Goods (% of total, current prices)			
	2015-16	2016-17	2017-18 ^(p)
North Asia Total	57.1	58.3	61.4
China	23.4	26.2	30.4
Japan	16.7	15.6	15.8
South Korea	12.7	12.0	10.6
Taiwan	3.5	3.9	4.0
Hong Kong	0.8	0.6	0.5
South Asia Total	20.1	21.9	20.6
India	11.3	13.9	13.2
Indonesia	1.7	1.5	1.6
Malaysia	1.2	1.1	1.4
Thailand	1.2	0.9	0.6
Singapore	1.4	1.5	0.8
North America	5.2	3.6	2.9
United States	4.2	2.4	2.1
Canada	1.0	1.2	0.8
European Union ^(a)	7.3	7.9	7.3
New Zealand	1.7	1.4	1.4
Brazil	1.4	2.0	1.7
Other	7.1	4.9	4.8

(a) Includes the United Kingdom.

(p) preliminary.

Source: ABS unpublished foreign trade data.

Tourism Exports

The number of overseas visitor¹ nights spent in Queensland fell 0.1% in 2017-18, to 53.8 million nights. Overall, China was the largest individual source of international visitor nights to Queensland in 2017-18, at 8.96 million nights, ahead of the United Kingdom and New Zealand (both 4.87 million). International visitor nights from Asia have grown strongly over the past five years (up 37.8% to 26.88 million nights), with China (up 90.8% to 8.96 million), India (up 94.5% to 2.01 million) and Japan (up 30.4% to 3.40 million) the largest contributors to growth over this period.

Overseas tourist^(a) nights by source, Queensland
(thousand nights)

	2015-16	2016-17	2017-18
China	6,524	6,982	8,958
New Zealand	5,417	5,173	4,865
Japan	3,140	3,766	3,399
Taiwan	2,970	3,801	3,146
South Korea	3,602	3,267	2,783
Other Asia	7,950	8,282	8,589
UK	5,020	5,183	4,874
Germany	2,538	2,527	2,222
Other Europe	5,753	6,012	6,363
United States	3,130	2,718	2,679
Other Countries	5,923	6,200	5,958
Total	51,968	53,912	53,838

(a) Due to data issues, tourists are no longer separately identifiable in 2017-18, so overall visitor nights are provided.

Source: Tourism Research Australia.

Interstate visitors are also an important tourism market for Queensland and have traditionally contributed more to Queensland economic activity than international tourism. In 2016-17 (latest available), Queensland’s interstate tourism gross value added (GVA) was the second highest of all states, at A\$3.1 billion, slightly behind New South Wales (A\$3.2 billion).

Interstate visitor nights to Queensland rose 5.8% in 2017-18, following growth of 3.4% in the previous year.

Overseas Merchandise Imports

The nominal value of Queensland’s overseas merchandise imports rose 16.5% to A\$45.7 billion in 2017-18. The increase in the value of imports was the result of growth in mineral fuels, petroleum and lubricants (up A\$2.0 billion), other machinery and transport equipment (A\$1.8 billion), road motor vehicles (up A\$1.2 billion) and other manufactured goods (up A\$1.2 billion).

¹ Due to issues with data from Tourism Research Australia, tourists (defined as those who are holidaying or visiting friends/relatives) are not separately identifiable in March quarter 2018 and June quarter 2018. As such, all numbers reported are for total visitors.

The value of Queensland’s imports in recent years is outlined in detail in the following table:

Overseas Merchandise Imports, Queensland (A\$ million at current prices)				
Import Categories ^(a)	2015-16	2016-17	2017-18 ^(p)	Annual change, 2016-17 to 2017-18 %
Live animals, food, beverages & tobacco	1,939	2,000	2,058	2.9
Mineral fuels, petroleum and lubricants	5,903	6,914	8,928	29.1
Chemicals	2,215	2,250	2,312	2.8
Road motor vehicles	7,181	7,463	8,699	16.6
Other machinery and transport equipment	7,838	8,897	10,666	19.9
Other manufactured goods	8,798	8,847	9,997	13.0
Other	2,288	2,823	2,998	6.2
Total overseas imports of goods	36,162	39,194	45,660	16.5

- (a) Based on the Standard International Trade Classification.
(p) preliminary.

Note: Values have been rounded to the nearest A\$ million.

Source: ABS unpublished foreign trade data.

Population and Employment

As at June 30, 2018 (latest data available), Queensland’s estimated resident population was 5.01 million, accounting for 20.1% of Australia’s population. Population growth in Queensland has picked up in recent quarters following a period of moderation from September quarter 2012 to September quarter 2015. Over the year to June 2018, Queensland’s population grew by 1.7%, slightly stronger than national population growth of 1.6% over the same period.

Growth in net interstate migration continued to recover in the year to June quarter 2018, rising to 24,698 persons, its highest level since the year to September quarter 2006. Net overseas migration fell slightly, from 34,075 persons over the year to June quarter 2017 to 29,628 over the year to June quarter 2018. Natural increase (births minus deaths) contributed 30,221 persons over the year to June quarter 2018.

In year average terms, Queensland’s employment rose 4.2% in 2017-18, following growth of 0.1% in the previous year. Employment growth was higher in South East Queensland (up 4.7%), than it was in regional Queensland (up 2.7%). The strong growth in South East Queensland concentrated in health care (up 14.8%) and, to a lesser extent, retail trade (up 6.4%) and education (7.4%).

Queensland’s labor force participation rate rose 1.4 percentage points in 2017-18, as people encouraged by strong employment growth re-entered the labor market. With the labor force growing (up 4.0%) broadly in line with employment in 2017-18, the year-average unemployment rate fell marginally, from 6.2% to 6.0%.

In 2017-18, health care, education, agriculture and support services were the largest contributors to Queensland’s employment growth, more than offsetting a decline in public administration employment.

Mining industry employment (which accounted for around 2.5% of total employment in 2017-18) rebounded somewhat in 2017-18, but remains well below its peak in 2013-14. Health care, Queensland’s largest employing industry since 2010-11, has accounted for 41% of employment growth in Queensland over the past five years.

Employed Persons by Industry, Queensland^(a)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2012-13 to 2017-18 Average annual % change</u>
	(‘000)	(‘000)	(‘000)	(‘000)	(‘000)	(‘000)	
Agriculture, Forestry & Fishing	65.3	55.4	54.9	58.8	52.5	63.0	-0.7
Mining	71.4	77.3	64.8	57.9	57.5	61.0	-3.1
Manufacturing	160.5	177.5	167.0	169.1	164.6	170.5	1.2
Electricity, Gas, Water & Waste Services	30.1	33.4	32.1	31.1	24.6	33.0	1.9
Construction	228.7	229.2	216.5	208.4	229.4	239.1	0.9
Wholesale Trade	75.7	67.7	69.7	68.6	64.5	64.4	-3.2
Retail Trade	245.2	269.0	252.0	255.4	253.9	262.4	1.4
Accommodation & Food Services	162.9	148.9	177.4	166.9	181.1	182.2	2.3
Transport, Postal & Warehousing	133.8	125.5	122.7	132.9	132.5	140.7	1.0
Information Media & Telecommunications	30.5	30.5	31.5	32.9	35.8	28.5	-1.4
Financial & Insurance Services	60.8	53.9	59.1	67.0	63.3	62.2	0.4
Rental, Hiring & Real Estate Services	48.6	48.0	48.1	48.9	50.1	47.9	-0.3
Professional, Scientific & Technical Services	162.0	163.9	182.4	177.3	171.9	169.3	0.9
Administrative & Support Services	80.2	83.5	82.1	85.5	80.2	90.7	2.5
Public Administration & Safety	148.4	151.3	152.2	150.1	162.8	149.8	0.2
Education & Training	176.9	175.8	181.7	197.8	189.3	203.4	2.8
Health Care & Social Assistance	276.7	282.1	292.7	314.7	312.9	352.0	4.9
Arts & Recreation Services	35.7	39.9	42.3	41.6	43.2	45.2	4.9
Other Services	95.3	102.9	105.5	104.4	102.3	106.5	2.2
Total^(b)	<u>2,288.9</u>	<u>2,315.7</u>	<u>2,334.9</u>	<u>2,369.5</u>	<u>2,372.5</u>	<u>2,471.18</u>	<u>1.5</u>

- (a) Yearly average.
- (b) Industry estimates of employment are compiled on the mid-month of each quarter. Therefore, the total of industry employment does not match the aggregate monthly estimates of employed persons.

Note: Due to rounding, amounts may not add to totals.

Source: ABS 6291.0.55.003.

The following tables show employment by industry for Queensland and the rest of Australia and average annual growth over the six years to 2017-18.

Employed Persons by Industry, Rest of Australia^(a)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2013-14 to 2017-18 Average annual % change
	(‘000)	(‘000)	(‘000)	(‘000)	(‘000)	(‘000)	
Agriculture, Forestry & Fishing	236.1	256.6	262.6	262.2	252.0	266.4	2.4
Mining	192.4	185.8	156.8	163.2	161.5	161.7	-3.4
Manufacturing	774.6	750.3	748.9	711.6	744.9	736.8	-1.0
Electricity, Gas, Water & Waste Services	112.8	117.5	110.1	112.6	112.9	115.9	0.5
Construction	758.2	793.6	815.1	842.4	857.2	933.0	4.2
Wholesale Trade	353.3	324.8	320.2	304.5	299.3	301.4	-3.1
Retail Trade	965.1	952.0	986.5	1,015.9	986.8	1,025.9	1.2
Accommodation & Food Services	619.7	610.6	643.0	662.8	683.2	709.0	2.7
Transport, Postal & Warehousing	450.7	463.3	481.5	491.7	487.1	500.5	2.1
Information Media & Telecommunications	191.2	166.8	181.4	178.2	180.8	192.9	0.2
Financial & Insurance Services	355.5	361.6	352.1	367.6	374.4	369.0	0.7
Rental, Hiring & Real Estate Services	148.0	155.5	164.0	163.7	159.3	164.3	2.1
Professional, Scientific & Technical Services	746.2	740.7	791.2	821.0	847.8	858.9	2.9
Administrative & Support Services	313.0	302.9	310.2	338.6	350.7	325.3	0.8
Public Administration & Safety	556.9	596.6	577.9	591.7	614.8	588.6	1.1
Education & Training	717.5	720.6	744.3	744.5	793.9	822.7	2.8
Health Care & Social Assistance	1,089.5	1,113.8	1,144.2	1,225.8	1,252.6	1,323.1	4.0
Arts & Recreation Services	174.3	162.8	185.7	187.3	176.8	201.9	3.0
Other Services	354.5	379.9	374.5	369.1	384.4	392.6	2.1
Total ^(b)	<u>9,109.7</u>	<u>9,155.6</u>	<u>9,350.3</u>	<u>9,554.0</u>	<u>9,720.3</u>	<u>9,989.8</u>	<u>1.9</u>

- (a) Yearly average.
- (b) Industry estimates of employment are compiled on the mid-month of each quarter. Therefore, the total of industry employment does not match the aggregate monthly estimates of employed persons.

Note: Due to rounding, amounts may not add to totals.

Source: ABS 6291.0.55.003.

Prices

The Brisbane consumer price index (“CPI”) rose 1.7% in 2017-18, the same rate as in 2016-17. This compares to an average annual growth in Brisbane’s consumer prices of 2.7% since the Reserve Bank of Australia’s adoption of inflation targeting in 1993-94. The national CPI rose 1.9% in 2017-18.

Income

Queensland recorded growth in average weekly earnings of 2.5% in 2017-18, compared with 2.4% growth nationally. The most recent figures available for average weekly earnings and household income per capita are listed below:

Measures of Income

State	Household Income per capita 2017-18	Average Weekly Earnings 2017-18
	A\$	A\$
Queensland	58,985	1,150
New South Wales	66,167	1,232
Victoria	56,872	1,163
South Australia	60,806	1,075
Western Australia	70,386	1,326
Tasmania	55,362	1,030
Australia	63,030	1,199

Sources: ABS 5220.0 and 6302.0.

Wages Policy

Wage bargaining at the enterprise level has become widely accepted in Australia since its introduction in October 1991 and has gradually replaced the ‘Award’ system of centralized wage-fixing as the dominant method of structured wages negotiation in Australia.

As of May 2016 (latest data available), 64.9% of Queensland workers were covered by collective agreements or awards. In comparison, 32.2% of workers were covered by individual agreements.

On December 31, 2009, Queensland legislation referred state industrial relations powers for the private sector to the Commonwealth. This referral complemented the Commonwealth legislation for a national industrial relations system, which commenced on January 1, 2010. The national industrial relations system applies to all Queensland private sector employees. Public sector and local government workers in Queensland generally remain under the state industrial relations system. As of June 2018, State and local public sector employees in Queensland totaled 373,700 persons, accounting for 15.0% of all employees in the State.

The Coalition (led by the Liberal Party of Australia) formed Federal government in September 2013, and were re-elected in July 2016. The current Federal Government’s policies promote enterprise bargaining, continuing a transition to a more decentralized system.

PRINCIPAL SECTORS OF THE QUEENSLAND ECONOMY

The following table shows the main components of Queensland and Australia’s industry gross value added.

Queensland/Australian Gross Product-Major Industry Sectors, 2017-18^(a)
(CVM, 2016-17 reference year)

Sector	Queensland (A\$ millions)	Australia (A\$ millions)	Queensland as a share of Australia (%)
Agriculture, forestry and fishing	10,634	45,450	23.4
Mining	32,095	138,181	23.2
Manufacturing	20,310	105,171	19.3
Construction	29,297	141,036	20.8
Services ^(b)	225,687	1,260,420	17.9
Total	318,022	1,690,257	18.8

- (a) Based on industry gross value added. Gross value added refers to the value of output at basic prices minus the value of intermediate consumption at purchasers’ prices. Basic prices valuation of output removes the distortion caused by variations in the incidence of commodity taxes and subsidies across the output of individual industries.
- (b) Includes electricity, gas, water & waste services, wholesale trade, retail trade, accommodation & food services, transport, postal & warehousing, information, media & telecommunications, finance & insurance services, rental, hiring & real estate services, professional, scientific & technical services, administrative & support services, public administration & safety, education & training, health care & social assistance, arts & recreation services, other services and ownership of dwellings.

Source: ABS 5220.0.

Mining

Over the past decade, the mining sector has been a significant contributor to Queensland’s economy.

Queensland has large reserves of coal, bauxite, gold, copper, silver, lead and zinc, as well as large ‘unconventional’ resources of coal seam natural gas.

Three major CSG-to-LNG projects commenced production in Queensland in 2015, with a total capital expenditure in excess of A\$60 billion.

The first gas was exported from the Queensland Curtis LNG project in January 2015, and 2015-16 saw the first year of substantial LNG exports, with all LNG “trains” becoming operational by October 2016. LNG has become Queensland’s second largest goods export after coal, with an estimated nominal value of around A\$10.7 billion in 2017-18.
In 2017-18, Queensland accounted for 23.2% of the nation’s total mining output (CVM). Industry output has grown at an average annual rate of 6.8% in the five years to 2017-18.

In 2017-18, Queensland’s mining industry accounted for 10.1% of the State’s total industry gross value added (CVM), while 61,000 people were directly employed (2.5% of total employment) in the mining industry.

The Queensland mining industry is a major source of export earnings and makes a substantial contribution to capital investment and regional development. Mining also provides a base for a number of the State’s leading value added industries.

Coal

Coal is Queensland’s most valuable export commodity. In 2017-18, the value of coal exports (this includes Queensland Treasury’s estimate of coal exports which have been confidentialized by the Australian Bureau of Statistics (“ABS”), such as pulverized coal injection exports) accounted for 54.2% of Queensland’s total merchandise exports. Higher coal prices (up 6.6%) and greater export volumes (up 5.4%, rebounding after Severe Tropical Cyclone Debbie in the previous year) contributed to the value of coal exports rising by 12.4%, to A\$40.3 billion in 2017-18.

The value and quantity of selected minerals produced in Queensland from 2011-12 to 2016-17 are shown in the following tables.

Queensland Resource Production –Value^(a)
(A\$ millions)

Mineral	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Black coal	29,709	22,761	22,872	23,116	22,403	37,270
Copper concentrate	2,157	1,626	1,657	349	247	220
Gold bullion	709	562	444	545	585	436
Bauxite	596	688	894	663	1,055	1,195
Lead concentrate	1,877	2,922	2,383	941	731	384
Zinc concentrate	1,641	1,052	1,089	2,291	1,293	952
Other	820	804	1,454	4,239	3,626	3,476
Total ^(c)	38,519	30,415	30,792	32,145	29,941	43,933

- (a) Value of production does not include transport or handling costs or other by-products such as coke or briquettes in the case of coal.
- (b) Conventional and unconventional.
- (c) Does not include crude oil and natural gas.

n/a: Data not available.

Source: Queensland Department of Natural Resources, Mines and Energy.

Queensland’s Principal Resources Production –Volumes

Mineral	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Black coal (‘000t)	187,614	208,328	230,122	251,392	243,586	240,699
Copper concentrate (‘000t)	1,063	920	822	185	138	122
Gold bullion (kg)	25,207	18,224	20,898	19,280	20,307	17,383
Bauxite (‘000t)	21,560	25,276	26,235	27,434	28,102	30,041
Lead concentrate (‘000t)	672	1,463	1,273	494	366	226
Zinc concentrate (‘000t)	1,916	1,208	1,103	2,106	1,297	724
Crude oil (megaliters)	460	434	562	522	445	384
Natural gas (gigaliters) ^(a)	8,546	7,969	9,007	13,273	27,335	32,194

- (a) Conventional and unconventional.

Source: Queensland Department of Natural Resources, Mines and Energy.

Agriculture

The agriculture, forestry and fishing industry in Queensland accounted for 3.3% of Queensland’s industry gross value added (CVM) and 23.4% of Australia’s total agricultural output in 2017-18. The bulk of Queensland’s agricultural production has traditionally been exported, providing a significant contribution to Queensland’s foreign earnings.

In 2017-18, more than half of the nominal gross value of Queensland’s agricultural production was derived from four products–beef, sugar cane, cereals and cotton, each of which is produced primarily for export.

Queensland also produces tropical and citrus fruits, rice, cotton, vegetables, timber, peanuts, oilseeds, eggs and dairy products, principally for domestic markets.

According to the Queensland Department of Agriculture and Fisheries, the nominal value of Queensland’s agricultural production fell 7.2% in 2017-18. This was driven by falls in the gross value of cereals (down 33.7% to A\$1.3 billion), cattle and calves (down 6.4% to A\$5.4 billion) and sugar cane (down 22.9% to A\$1.1 billion).

The following table presents figures on the nominal gross value and volume of agricultural commodities produced in Queensland over the five years to 2017-18.

Queensland’s Major Agricultural Commodities – Nominal value and volume of production

	2013-14	2014-15	2015-16	2016-17 ^(a)	2017-18 ^(a)
Gross Value (A\$m)					
Cattle and calves	3,890	5,076	5,861	5,744	5,379
Poultry	494	588	590	650	640
Pigs	262	270	320	294	232
Sheep and lambs	61	66	58	10	11
Sugar cane	1,165	1,239	1,209	1,460	1,125
Wool	80	61	62	66	75
Cereals	890	1,203	1,343	1,886	1,250
Fruit and vegetables	2,751	2,684	2,893	2,921	3,054
Dairying (total whole milk production)	231	235	237	233	225
Cotton	698	383	466	985	884
Other	1,446	1,503	1,537	1,576	1,807
Total agriculture	11,968	11,308	14,576	15,825	14,682
Volume of Production					
Beef and veal (*000 tonnes)	1,176	1,244	1,107	1,025	1,077
Sugar cane (*000 tonnes)	29,219	30,816	32,655	34,410	31,472
Wool (tonnes) ^(b)	5,762	4,909	3,971	4,763	5,042
Wheat (*000 tonnes)	1,036	987	1,316	1,502	683
Cotton lint (*000 tonnes)	298	194	234	316	344

(a) Gross value figures are forecasts provided by the Queensland Department of Agriculture and Fisheries, with the exception of the nurseries component of “Other”. This is a Queensland Treasury estimate which is consistent with ABS historical data.

(b) Taxable wool received by brokers and purchased by dealers from wool producers.

Sources: ABS 7215.0; ABS 7218.0; Queensland Department of Agriculture and Fisheries *Queensland AgTrends April 2018 Update*; Australian Sugar Milling Council; Australian Government Department of Agriculture and Water Resources; *Australian Crop Report September 2017*.

Other Primary Industries

Forestry and logging

The value of Queensland’s forestry and logging production is estimated to have risen 3.8% to A\$270 million in 2017-18. Demand for wood is largely determined by demand for the construction of new dwellings and alterations and additions to existing dwellings.

Fisheries

The value of Queensland’s fisheries production is estimated to have risen 12.9% to A\$377 million in 2017-18. Commercial fishing operations constituted 47% of the fisheries output (in value terms), with the remaining portion sourced from aquaculture and recreational fishing.

Manufacturing

In 2017-18, the manufacturing industry accounted for 6.4% of Queensland’s industry gross value added (CVM). Queensland’s share of Australia’s total manufacturing output was 19.3% in 2017-18.

Historically, manufacturing in Queensland was developed to service and process the State’s agricultural and mineral resources. In common with most industrialized nations, the relative importance of manufacturing has declined in Australia in favor of service-based industries over time.

The nominal value of overseas exports of Queensland’s manufactured goods, including processed minerals and metals, totaled A\$7.6 billion in 2017-18, up 4.9% from the previous year.

Construction

The Queensland construction industry directly contributed 9.2% to State GVA, whilst also providing 9.7% of employment in the State in 2017-18.

- Dwelling investment fell 4.8% in 2017-18, following a cumulative 45.1% increase over the previous four years.
 - Dwelling investment in Queensland is entering a ‘recovery phase’, following an unprecedented surge in apartment construction between 2013-14 and 2015-16, particularly in inner Brisbane, which led to concerns about an oversupply in the market.
 - Since that time, approvals and construction of attached dwellings have fallen significantly, although a substantial amount of work remaining in the pipeline indicates dwelling investment in Queensland is headed for a ‘soft landing’ compared with previous housing cycles.
- Non-dwelling construction—which consists of nonresidential building (shops, offices, factories, etc.) and engineering construction (mines, ports, roads, etc.)—rose 16.3% in 2017-18.
 - New engineering construction in Queensland rose 18.9% in 2017-18, following three consecutive years of decline after the completion of LNG construction. The recovery in growth in 2017-18 was primarily driven by electricity generation, transmission & distribution & pipeline construction, with a significant number of large scale solar energy projects under construction.
 - Non-residential building construction rose 7.0% in 2017-18. Growth in the year was driven by construction of accommodation, offices and entertainment/recreation buildings, which more than offset a decline in warehouse construction.

Services

Transport

Queensland has 15 trading ports, most of which are equipped with bulk handling facilities for the major products of their respective regions. In addition, Queensland has two community ports and a number of non-trading ports located at regular intervals from Maryborough in the south-east to Burketown in the north-west. The Queensland railway network encompasses over 10,000 kilometers of track, which includes the electric main railroad line and heavy haul lines serving the major coal mines in Central Queensland.

Competition has been introduced into rail freight with the privately owned Pacific National active in Queensland, while the coal and freight components of the previously government owned Queensland Rail (now ‘Aurizon’) have been privatized. Rail freight operators also compete with road haulage companies for Queensland’s freight. Commodities which are moved substantially by rail include coal and minerals. Substantial amounts of containerized freight are hauled by both rail and road.

The Queensland public road network is constantly being upgraded and extended to maintain its safety and viability.

Queensland has two major and five secondary international airports (including the privately owned Wellcamp Airport in Toowoomba which commenced international passenger flight operations in October 2016), as well as a large network of commercial domestic airports and private airfields. Brisbane Airport is the third busiest in the country behind Sydney and Melbourne.

Communications

Queensland is served on a state-wide basis by the national postal system and a number of major telecommunications companies. Two-way satellite communications are available in remote areas, providing education and other services to isolated residents. The State has a widespread non-commercial television network principally operated by the Australian Broadcasting Corporation and the Special Broadcasting Service. In addition, three commercial television networks, each with numerous sub-channels, and a community television station operate within the State. Queensland has a widespread cable and satellite pay television service in operation, and comprehensive commercial and public radio networks.

Broadband internet services are also available in all major centers across the State. The Federal Government is currently completing the national broadband network (NBN), which is expected to be delivered through a ‘multi-technology mix’ network comprising fiber-to-the-premises/basement, fiber-to-the-node, fixed wireless and satellite technologies. The NBN has the objective of providing data download rates of at least 25 megabits per second to all premises nationally, and at least 50 megabits per second for 90% of fixed line premises as soon as possible. As at 29 November 2018, a total of 1,559,607 homes/businesses have been declared as ready to connect in Queensland, while a total of 921,584 homes/businesses have had services activated.

Tourism

Tourism directly accounted for an estimated 3.9% of overall output (gross value added, at basic prices) in the State in 2016-17 (latest estimate available). The success of tourism in Queensland is to a great extent attributable to certain natural advantages such as a favorable climate for vacations and one of the finest arrays of natural attractions in Australia, including the Great Barrier Reef and its islands, hundreds of kilometers of beaches, large wilderness areas, mountain panoramas, national parks, the tropical north, the Darling Downs and the outback.

South of Brisbane is the Gold Coast, Australia’s largest and most popular resort area. The Gold Coast is famous for its 32 kilometers of beaches which provide facilities for surfing, fishing, cruising and a variety of other sporting activities. West of the coast, the rugged rainforest-covered slopes of the MacPherson Range extend the Gold Coast’s appeal to include mountain climbing, bushwalking, horse riding, national parks, waterfalls, and panoramic views. The Gold Coast’s natural attractions have been supplemented by developments including theme parks, world class golf courses, extensive canal developments and internationally-recognized restaurants and entertainment venues.

The Great Barrier Reef is a major attraction for both domestic and international tourists, and resorts have been developed on islands and centers on the coast. The waters of the Great Barrier Reef offer some of the best fishing in the world, and Cairns has become an international center for big-game fishing, notably for black marlin. The Whitsunday Coast, on the mainland near the Whitsunday group of islands, has developed in the last decade in response to the increasing popularity of the Great Barrier Reef and its islands. The area offers reef and island holidays with daytrips and extended cruises to places of interest.

A total of 2.7 million international visitors travelled to Queensland in 2017-18. In total, they spent 53.8 million nights in the State with an average length of stay of 19.7 nights. The number of international visitors in Queensland rose 4.1% in 2017-18, while the number of visitor nights fell slightly (down 0.1%).

Traditionally, domestic tourism has been a larger market than international tourism in Queensland, although a significant amount of domestic tourism is from intrastate (Queenslanders travelling within Queensland). Visitors from interstate spent a total of 38.2 million nights in Queensland in 2017-18, up of 5.8% from the previous year.

FINANCIAL RELATIONSHIP WITH THE COMMONWEALTH OF AUSTRALIA

Prior to 1927, each state and the Commonwealth undertook borrowings on their own behalf, both domestically and in overseas financial markets. Limitations in the size of the capital markets and the inherent competition between the states and the Commonwealth led to the Financial Agreement in 1927 (the “Financial Agreement”), recognizing that it was in the interests of all to cooperate when borrowing in these markets. This agreement established the Australian Loan Council and the State Government’s Loan Council Program (the “Loan Program”) to determine and coordinate the public borrowings of the Commonwealth and the State Governments.

Until the early 1970s, the Loan Program was the main source of funds for capital expenditure by the states. However, states found it increasingly necessary to rely on borrowing by semi-government authorities to fund capital expenditures. Most states established central borrowing authorities (such as Queensland Treasury Corporation) to co-ordinate the borrowings of semi-government authorities.

The June 1990 Loan Council meeting agreed that the states would progressively take over responsibility for the debt issued by the Commonwealth on their behalf under the Financial Agreement, and that the Financial Agreement would be amended to permit the States to borrow in their own names in domestic and overseas markets.

This debt has now been fully taken over by the states and territories. The Loan Council decision has also meant that from June 30, 1990, there have been no additional allocations of Commonwealth Government securities to the states and territories.

Overall, these arrangements replaced Commonwealth debt to the private sector with state and territory debt; they did not alter the financial position of the public sector as a whole. They did, however, represent a significant structural reform in Commonwealth-state financial relations. They placed full responsibility on the states and territories for the financing and managing of their own debt, thereby subjecting the fiscal and debt management strategies of individual state governments to greater scrutiny by the community and financial markets.

From 1993-94, new Loan Council monitoring and reporting arrangements applied to the financing activities of Commonwealth and state governments. The major feature of these Loan Council arrangements was the switch in focus from gross borrowings to an aggregate based on net borrowings as indicated by a jurisdiction’s deficit/surplus, with the latter being a more meaningful indicator of the impact of the public sector on the economy.

Under the Loan Council arrangements, the Commonwealth and each state and territory was responsible for nominating its intended allocation, known as the Loan Council Allocation (“LCA”), based on its net borrowings adjusted to reflect certain transactions which may have the characteristics of borrowings but do not constitute formal borrowings (for example, finance and operating leases). The emphasis of the arrangements is on credible budgetary processes rather than on the Loan Council attempting to enforce rigid compliance with a particular LCA.

From 2018, the Loan Council unanimously agreed to remove Loan Council reporting requirements from the Uniform Presentation Framework (UPF) in an effort to reduce the administrative burden on jurisdictions. States and the Commonwealth will no longer report on Loan Council Allocations as part of their Budgets or other financial statements.

The Loan Council also agreed that the administration of the UPF will be transferred from the Loan Council to the Council of Federal Financial Relations (CFFR). In recognition of the reduced responsibilities resulting from these decisions, the Commonwealth does not intend to call another meeting of the Loan Council, unless future circumstances require it to reconvene.

While this change is designed to reduce states’ administrative burden, it is not expected to impact the financing operations of Queensland.

State Borrowing Guarantee

On March 25, 2009, the Australian Government announced that it would provide a time-limited, voluntary guarantee over state government borrowings for a fee based on the underlying credit rating of the State. The legislation was passed by the Federal Parliament and received Royal Assent on June 29, 2009, becoming operational on July 24, 2009. Queensland announced on June 16, 2009 that it intended to apply the guarantee to all existing Australian dollar benchmark bond lines which (at that time) had a maturity date between 12 months and 15 years. The Reserve Bank of Australia approved QTC’s application for the Commonwealth Government Guarantee (“CGG”) to be applied to its selected domestic bonds on September 18, 2009 and has issued CGG-eligibility certificates.

On February 7, 2010, the Australian Government announced the withdrawal of its guarantee of new State borrowings undertaken after December 31, 2010. All existing CGG bonds will continue to be guaranteed until maturity or when the bonds are bought back and extinguished by the State.

Since the withdrawal of the CGG, in order to re-establish a State Government Guaranteed (“SGG”) yield curve, QTC has issued SGG bond lines in parallel to the existing CGG lines and also to fill maturity gaps. QTC also continues to offer investors (at its discretion) opportunities to swap some CGG lines for SGG lines.

Commonwealth Grants

Since World War II, the Commonwealth has acted as the sole income taxing authority, and annual general revenue grants have been paid by the Commonwealth to the states. The Commonwealth also has exclusive constitutional power to impose an excise duty, a goods and services tax and a customs duty. The Commonwealth raises no wealth taxes, estate or gift duties. The states impose payroll taxes, stamp duties and land taxes, and local governments impose taxes based on the ratable value of real property.

At the 1985 Premiers’ Conference it was agreed that tax sharing arrangements then in operation should be replaced by financial assistance grants to the states. The Commonwealth Grants Commission continued to make recommendations for the distribution of these general purpose payments based on the principle of horizontal fiscal equalization. This principle requires state governments to receive funding such that, if each made the same effort to raise revenue from its own sources and operated at the same level of efficiency of service delivery, each would have the capacity to provide services and associated infrastructure to the same standard.

Financial assistance grants were paid in addition to grants provided by the Commonwealth to the states for specified purposes or with conditions attached. Although these grants for specific purposes have existed for much of the period since federation, their importance as a form of Commonwealth grant has increased significantly since the 1970s.

Commonwealth-State Relations – the GST

The introduction of a Goods and Services Tax (“GST”), a broad-based consumption tax, was the cornerstone of national tax reform introduced by the Commonwealth Government on July 1, 2000. The reforms included significant changes to Commonwealth-State financial relations. All Australian governments signed an Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations.

The main features of the Agreement included:

- the provision to the States of all revenue from the GST. The principle of horizontal fiscal equalization was endorsed as the method for distributing GST revenue amongst the states;
- the abolition of financial assistance grants to the states; and
- the abolition of a number of state taxes. In Queensland’s case, this includes the abolition of nine taxes over time in order to improve the overall efficiency of the national taxation system.

In 2018-19, it is expected that Queensland will receive around A\$14.630 billion in GST revenue. Queensland is currently assessed by the Commonwealth Grants Commission as requiring more than an equal per capita share of the GST distribution.

The Intergovernmental Agreement on Federal Financial Relations

On March 26, 2008, the Council of Australian Governments agreed to implement a new framework for federal financial relations. The focus of the new framework was to significantly reduce Commonwealth prescriptions on service delivery by the states, in conjunction with clearer roles and responsibilities and outcomes-based public accountability.

A new agreement—the Intergovernmental Agreement on Federal Financial Relations—commenced on January 1, 2009. The main features of the new framework included:

- a reduction in the number of specific purpose payments, without reducing the overall level of payments. A large number of these payments were aggregated into five broader streams of funding supported by new national agreements in the areas of healthcare, schools, skills and workforce development, disability services, and housing.
- a focus on outcomes that improve the well-being of Australians, through improvements in the quality, efficiency and effectiveness of government service delivery, with reduced Commonwealth prescriptions on how the States achieve outcomes or deliver services, and enhanced accountability to the public for outcomes achieved or outputs delivered.
- greater funding certainty to the States, with the new national agreements to be ongoing with periodic reviews to ensure the maintenance of funding adequacy and the relevance of objectives.
- the provision of National Partnership payments by the Commonwealth to the States to support the delivery of specified projects and facilitate or reward nationally significant reforms.
- the continued provision of all GST revenue to the States.

An ongoing task for Queensland and other governments is to ensure the original intent of the framework is maintained, given the different and competing priorities sometimes facing state, Territory and Australian Governments.

In 2017-18, general revenue assistance, made up of GST revenue, represented 26.1% of Queensland Government revenue, while payments for specific purposes represented 17.7% and grants for on-passing to other entities represented a further 5.2% of Queensland Government revenue.

National Health reform

The National Health Reform Agreement (“NHRA”)) commenced on July 1, 2012. Under this arrangement, Queensland is expected to receive A\$4.522 billion in 2018-19 (A\$19.89 billion over four years to 2021-22). In 2016-17 and 2017-18, growth funding from the Australian Government is based on 45% of the efficient cost of additional hospital activity.

Under the NHRA, growth in funding from the Australian Government was based on 45% of the efficient costs of additional hospital activity, increasing to 50% in 2017-18. In the 2014-15 Commonwealth Budget, the Australian Government revised the indexation arrangement with funding from 2017-18 to be tied to a combination of the CPI and population growth.

However, at the April 2016 Council of Australian Governments meeting, the Australian Government and the states signed a Heads of Agreement for interim funding for public hospitals from July 1, 2017, to June 30, 2020, ahead of consideration of longer-term arrangements. This will see the continuation of the link between Australian Government funding and activity levels. Under the terms of the agreement, the Australian Government will fund 45% of the efficient growth, up to a contribution growth cap of 6.5% per annum. For block funded services, the Australian Government will fund 45% of the efficient growth.

National Disability Insurance Scheme (the “NDIS”)

Queensland’s three-year transition to the NDIS commenced on July 1, 2016 (in accordance with the bilateral agreement between the Queensland and Australian Governments), with ‘full scheme’ scheduled to commence on July 1, 2019. Eligible people with a disability will transition to the NDIS at different times, depending on where they live in Queensland.

The Australian Government’s significant reforms to disability services will impact the National Disability Specific Purpose Payment (the “NDSPP”) to Queensland in future years. From July 1, 2019, the Australian Government will no longer provide Intergovernmental payments to Queensland relating to Specialist Disability Services (including the NDSPP). Further, the states and territories are currently negotiating with the Australian Government on a National Partnership Agreement for access to the DisabilityCare Australia Fund.

Quality Schools

Australian Government funding under for Queensland Government schools under the Quality Schools policy will be A\$1.745 billion in 2018-19 (A\$7.889 billion over four years to 2021-22). Non-government schools funding will be A\$2.494 billion in 2018-19 (A\$11.027 billion over four years to 2021-22).

In December 2018, the Queensland Government finalized a new five-year school funding agreement with the Australian Government to cover calendar years 2019 to 2023. This provides funding certainty to all Queensland schools and sectors, sets out the Queensland Government’s school funding contributions for the next five years and secured approximately A\$24.3 billion in Australian Government funding to Queensland government and non-government schools over 2019 to 2023.

2018 Commonwealth Grants Commission (“CGC”) Report on GST Revenue Sharing Relativities

In March 2018, the CGC released the results of the CGC’s Report on GST Revenue Sharing Relativities – 2018 Update (the “2018 CGC Update Report”) which considered changes in state circumstances to determine the distribution of GST. The 2018 CGC Update Report recommended a decrease in Queensland’s share of GST revenue, with an underlying impact of A\$1,208 million in 2018-19. The 2018 CGC Update Report outcome encompasses the impact of methodology changes on states’ GST shares, as well as the impact of changes to states’ circumstances and revisions to the data used in the CGC’s assessments.

Decreases to Queensland’s GST share duly recognize the impact of factors beyond the State’s control on its fiscal capacity, including a decrease in Natural Disaster Relief and Recovery Arrangements expenditure (net of contributions from the Australian Government) as well as higher capacity to raise mining royalties as a result of higher coal prices. As the CGC’s assessments are lagged by two years, these factors affect GST shares in 2018-19. These losses were partially offset by Queensland’s below average growth in land values which reduced the State’s share of taxable land values and increased its GST share.

QUEENSLAND GOVERNMENT FINANCES

State Budgetary Strategy

The Budget for each fiscal year is normally presented by the Treasurer to the Legislative Assembly in June prior to the commencement of the fiscal year, and incorporates details of estimated actual revenue and expenditures in the current fiscal year and budgeted revenue and the expenditure of moneys in the next and following three fiscal years. Approval for the raising of revenue is provided under various existing acts of Parliament while Parliament approves expenditure via the *Appropriation Acts* (the “Appropriation Acts”) on a yearly basis.

With the Budget generally presented to Parliament in June, the Appropriation Acts are passed by Parliament around August/September after the Budget Estimates hearings. The Appropriation Acts approve expenditure for the upcoming financial year (*i.e.*, the Budget year). These Appropriation Acts also approve an aggregate amount of expenditure sufficient to provide for the normal services of Government for the first few months of the next succeeding financial year, until the Appropriation Bill receives Royal Assent. There is one Appropriation Act for the Legislative Assembly and one for all other agencies.

2015-16 State Budget and Mid Year Fiscal and Economic Review (each such annual review, the “MYFER”)

The 2015-16 State Budget was the first budget handed down by the Palaszczuk Government and was focused on:

- the Government’s election commitments, with key measures to revitalize the State’s economy and frontline service delivery;
- an integrated program of initiatives aimed at enhancing business productivity and efficiency, improving skills and training, regional growth and fostering innovation (Working Queensland);
- significant reductions in General Government debt, without selling government–owned corporations, increasing taxes or cutting services; and
- revised fiscal principles.

Excluding Natural Disaster Relief and Recover Arrangements payments, the 2015-16 Budget estimated revenues growing at an average rate of 4.3% per annum over the forward estimates, compared to an average 4.1% growth in operating expenses. A net operating balance was forecasted to result in a surplus of A\$1,213 million in 2015-16.

The 2015-16 Budget outlined the Government’s Debt Action Plan, which was extended in the MYFER.

Following a review of possible merger options for the government-owned energy network, generation and retail businesses, the MYFER outlined a decision to merge Energex and Ergon Energy to streamline operations and be better positioned to meet the challenges of a rapidly changing energy market. A program of efficiency savings will be applied to the electricity generators. Total savings from 2015-16 to 2019-20 from efficiencies and merger are estimated at A\$680 million.

2016-17 State Budget and MYFER

The 2016-17 State Budget was handed down in June 2016 and was focused on:

- Innovation, investment and infrastructure as the necessary elements of job creation and to advance the Queensland economy to a more diversified and robust base. This includes measures such as a A\$405 million Advance Queensland package, a A\$100 million Regional Back to Work package and a A\$2 billion State Infrastructure Fund;

- Supporting rural and regional communities particularly affected by a transitioning economy through support measures such as the Rural Assistance Package, extensions to the Building our Regions Program and drought assistance measures; and
- Providing for further debt reduction and, at the same time, targeting initiatives to boost productivity through infrastructure investment, including the A\$2 billion State Infrastructure Fund.

The 2016-17 Budget outlined that operating expenses were forecast to grow at a sustainable rate, averaging 2.9% per annum over the four years to 2019-20; less than the forecast rate of revenue growth of 3.2% per annum over the same period. A net operating balance was forecasted to result in a surplus of A\$867 million in 2016-17.

The 2016-17 MYFER represented the first time the Budget forecast has been revised up at MYFER since 2011-12, with stronger than expected revenues and lower depreciation resulting in an actual surplus of A\$970 million, as set out in the 2015-16 Report on State Finances. Further, a temporary surge in coal prices is providing additional support to the Budget position in the near term, with royalties contributing to a projected net operating surplus of just over A\$2 billion in 2016-17.

2017-18 Budget and MYFER

The 2017-18 State Budget was handed down in June 2017 and was focused on supporting continued growth and creating jobs for Queensland, while enabling the State's A\$300 billion economy to transition to be more innovative, diverse and productive.

The 2017-18 Budget outlined that operating expenses were forecast to grow at a sustainable rate, averaging 3.2% per annum over the five years to 2020-21; slightly higher than the forecast rate of revenue growth of 3.0% per annum over the same period.

Despite this, net operating balances were forecast to be in surplus every year in the 2017-18 Budget, with a A\$2.82 billion surplus in 2016-17 and average surpluses of A\$344 million from 2017-18 to 2020-21.

The 2017-18 MYFER was released on December 18, 2017 and was the first economic and financial update of the re-elected Palaszczuk Government. The 2017-18 MYFER confirms that the Government will deliver all of its election commitments, and maintains the strong focus on jobs, while also achieving increased surpluses and lower debt levels.

Over the five years to 2020-21, revenue is estimated to grow by an average of 3.2% per annum compared with 3.0% forecast in the 2017-18 Budget, largely due to increases in royalty and taxation revenues. Over the same period, growth in expenses is expected to be 3.3% compared to 3.2% expected in the 2017-18 Budget.

2018-19 Budget and MYFER

The 2018-19 Budget, handed down on 12 June 2018, delivered on the commitments made by the Palaszczuk Government, and focused on delivering the infrastructure to create jobs and the services that our State’s growing population needs.

The Government demonstrated its commitment to delivering the services and infrastructure the community needs in a financially sustainable manner. Net operating surpluses were projected in each year of the forward estimates, despite an expectation that revenue would decline in 2018-19 driven by a substantial reduction in funding from the Australian Government. Operating expenses were forecast to grow at a sustainable rate, averaging 2.9% per annum over the five years to 2021-22.

An A\$45.8 billion capital program over four years, including A\$33.2 billion in the General Government sector, was budgeted to deliver infrastructure that supported economic growth, enhance productivity, provide employment opportunities and manage the pressures of strong population growth. This level of investment was to be partly funded through borrowings. Even so, General Government borrowings were expected to be lower in each year of the forward estimates than projected in the 2017-18 Budget. In 2021-22, it was expected the General Government borrowings would remain below the peak level reached in 2014-15.

Importantly, to meet the needs of Queensland’s growing population, the Government’s 2018-19 capital works program included a A\$4.9 billion investment in roads and transport infrastructure. This included an allocation of A\$733 million for the Cross River Rail Delivery Authority in 2018-19 to continue to progress the planning, procurement and development associated with the A\$5.4 billion Cross River Rail project.

The 2018-19-18 MYFER was released on 13 December 2018. The MYFER forecast a net operating surplus of A\$524 million in 2018-19, an improvement of A\$376 million on the Budget estimate due to revenue uplifts. It also forecast General Government sector net operating balances expected to remain in surplus across the forward estimates period, despite a strong reduction in forecast GST revenue.

Revenue growth in 2018-19 was expected to be 1.6%, following growth of 3.4% in 2017-18. Over the four year period to 2021-22 revenue was forecast to grow by an average of 1.7% per annum. This was the same growth rate forecast at Budget.

Over the four year period to 2021-22, expenses were estimated to grow by an average rate of 2.4% per annum. At Budget they were forecast to grow by 2.1%. Increases in expenses over the four years partly reflected additional provision for the Queensland Government’s planned increase in education funding associated with the Schools Funding Agreement negotiated. The Queensland Government’s additional school education policy measures are subject to negotiations with the Australian Government in renewing the Schools Funding Agreement.

General Government sector borrowings were estimated to be A\$152 million lower in June 2021 than forecast in the 2018-19 Budget. However, the impact of a A\$555 million decrease in forecast Commonwealth Government GST revenue to Queensland in financial year 2021-22 will contribute to a A\$584 million increase in borrowings in 2021-22 compared to the 2018-19 Budget.

Debt Action Plan

The Debt Action Plan was announced in the 2015-16 Budget, outlining the following measures to achieve the desired General Government debt reduction over the forward estimates:

- revising the capital structure of the Government’s energy network businesses (Ergon Energy, Energex and Powerlink) to adopt a more competitive gearing ratio, aligned with industry peers;
- funding long service leave on an emergent basis rather than on an accrual basis; and
- temporarily suspending investment of defined benefit superannuation contributions, while maintaining a fully funded status.

In the 2015-16 MYFER, the Debt Action Plan was extended to incorporate changes to the capital structure of the Government’s non-network businesses, including regearing of Gladstone Ports Corporation, North Queensland Bulk Ports Limited and SunWater Limited, a return of equity from Stanwell Corporation Limited and moving the dividend payout ratio for all government-owned corporations to 100% (excluding CS Energy Limited).

The 2016-17 Budget provided for further debt reduction, and at the same time targeted initiatives to boost productivity through infrastructure investment, including the A\$2 billion State Infrastructure Fund. In light of the strong financial position of the defined benefit superannuation scheme, the Government decided to repatriate A\$4 billion from the previous over-contribution to the scheme by the Government.

In the 2017–18 Budget, additional initiatives were announced to reduce debt levels, including: a A\$500 million reallocation from the Queensland Government Insurance Fund assets and a A\$500 million repatriation from QTC from their past surpluses.

These active balance sheet management strategies have played a key role in ensuring that borrowings in 2017-18 were almost A\$17 billion lower than the estimate at the time of the 2014-15 Budget.

The General Government sector’s debt to revenue ratio has fallen substantially from a peak of 91% in 2012-13 to 56% in the 2018-19 MYFER, as a result of significant initiatives implemented through the Debt Action Plan.

Fiscal Principles

The *Financial Accountability Act 2009* requires the Treasurer to prepare and table in the Legislative Assembly a Charter of Fiscal Responsibility. The Charter sets the Government’s fiscal objectives and the fiscal principles that support those objectives.

The Treasurer must report regularly to the Legislative Assembly on progress the Government has made against the priorities stated in the Charter. This report is published each year in the Budget papers and MYFER.

In its first Budget, the Palaszczuk Government set out five fiscal principles for the responsible and measured management of the State’s finances. Following consideration of the Review of State Finance, prepared by Queensland Treasury, the Government refined the principles that relate to General Government Sector debt and the size of the net operating surplus. As a result, the following six fiscal principles provided the framework for the recent budgets, including a new principle adopted in the 2016-17 Budget to manage the rate of growth in the number of public servants:

- Principle 1 – Target ongoing reductions in Queensland’s relative debt burden, as measured by the General Government Sector (“GGS”) debt to revenue ratio;
- Principle 2 – Target net operating surpluses that ensure any new capital investment in the GGS is funded primarily through recurrent revenues rather than borrowing;
- Principle 3 – The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging;
- Principle 4 – Maintain competitive taxation by ensuring that GGS own-source revenue remains at or below 8.5% of nominal gross state product, on average, across the forward estimates;
- Principle 5 – Target full funding of long term liabilities such as superannuation and WorkCover in accordance with actuarial advice; and
- Principle 6 – 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.

As outlined in the 2018-19 MYFER, significant progress has been made towards the achievement of the Government’s fiscal principles.

The Fiscal Principles of the Queensland Government

Principle	Indicator		
	General Government debt to revenue ratio		
		2018-19 Budget per cent	2018-19 MYFER per cent
Target ongoing reductions in Queensland’s relative debt burden, as measured by the General Government debt to revenue ratio	2017-18	54	54
	2018-19	56	56
	2019-20	61	62
	2020-21	66	65
	2021-22	68	69
General Government net operating cashflows as a proportion of net investments in non-financial assets			
		2018-19 Budget per cent	2018-19 MYFER per cent
Target net operating surpluses that ensure any new capital investment in the General Government Sector is funded primarily through recurrent revenues rather than borrowing	2017-18	99	107
	2018-19	60	70
	2019-20	40	44
	2020-21	44	48
	2021-22	53	44
General Government purchases of non-financial assets			
		2017-18 Budget (AS million)	2017-18 MYFER (AS million)
The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging	2017-18	4,905	5,127
	2018-19	5,927	5,981
	2019-20	7,557	7,420
	2020-21	7,396	7,451
	2021-22	7,081	7,182
General Government own-source revenue to GSP			
Maintain competitive taxation by ensuring that General Government sector own-source revenue remains at or below 8.5% as a proportion of nominal gross state product, on average, across the forward estimates	2018-19 Budget		8.2%
	2018-19 MYFER:		8.4%
	Average across forward estimates:		8.1%
Target full funding of long term liabilities such as superannuation and WorkCover in accordance with actuarial advice	As at the last actuarial review (as at June 30, 2018), accruing superannuation liabilities were fully funded. The WorkCover scheme was also fully funded as at June 30, 2018.		
Maintain a sustainable public service by ensuring that overall growth in full-time equivalent (“FTE”) employees, on average over the forward estimates, does not exceed population growth	FTE growth		
	Average across forward estimates:		1.7%
	Population growth		
	Average across forward estimates:		1.75%

Table 1
Key Financial Aggregates
(UPF Basis)

	2014-15	2015-16	2016-17	2017-18
	Actual	Actual	Actual	Actual
	A\$ million			
General Government Sector:				
Revenue	49,970	50,780	56,194	58,087
Expenses	49,551	50,112	53,369	56,335
Net operating balance	420	668	2,825	1,753
Purchases of non-financial assets	4,635	4,044	4,620	5,127
Fiscal balance	-576	-495	560	-586
Public Non-Financial Corporations Sector:				
Revenue	11,420	11,864	14,650	13,652
Expenses	9,970	10,264	12,251	11,759
Net operating balance	1,629	1,601	2,398	1,893
Purchases of non-financial assets	3,173	2,773	2,708	2,509
Fiscal balance	848	1,179	2,101	1,797
Non-Financial Public:				
Revenue	56,178	57,393	64,855	66,175
Expenses	55,860	56,821	61,278	64,378
Net operating balance	318	572	3,577	1,797
Purchases of non-financial assets	7,811	6,852	7,291	7,644
Fiscal balance	-1,458	-1,054	1,050	-647

Operating Statement

2017-18 Outcome

On a Uniform Presentation Framework (UPF) basis, the General Government sector recorded an operating surplus of A\$1.753 billion in 2017-18, compared to a restated surplus of A\$2.825 million in 2016-17. The 2017-18 operating surplus is the second largest since 2005-06. The fiscal balance declined from a surplus of A\$560 million in 2016-17 to a deficit of A\$586 million in 2017-18. The General Government fiscal deficit was due to a less substantial operating surplus and increased capital purchases compared to 2016-17.

Based on actual results, General Government expenses increased by A\$2.966 million (5.6%) in 2017-18. Total expenses were A\$412 million lower than the 2017-18 estimated actual in the 2018-19 Budget, mainly due to lower than expected employee and other operating expenses.

Revenue

Meanwhile, revenues grew 3.4% (or A\$1,893 million) in 2017-18, following an increase of 10.7% in 2016-17, due to higher grants, royalty and taxation revenue.

Commonwealth grants are the principal form of revenue for the State, accounting for almost half of budgeted General Government revenue, with taxes contributing around a quarter. Commonwealth and other grants increased by A\$583 million in 2017-18, mainly reflecting higher GST revenue.

Increased taxation revenue in 2017-18 compared to 2016-17 (A\$325 million) was largely explained by growth in payroll tax, land tax and motor vehicle registration, partially offset by weaker transfer duty.

Royalty revenue was A\$419 million higher in 2017-18 than in 2016-17, with increased coal royalties following from coal prices remaining elevated through 2017-18.

Expenses

In UPF terms, General Government expenses increased A\$2,966 million in 2017-18. The largest increases are in the areas of Health, Social Protection and Education, reflecting the Government’s commitment to revitalizing frontline services.

Increased expenses in 2017-18 are driven by growth funding to support ongoing demand for health services and student enrolments, expenditure in relation to the final preparation and delivery of the Gold Coast 2018 Commonwealth Games and the establishment of a provision for the anticipated costs of Queensland participating in the National Redress Scheme for Survivors of Child Sexual Abuse.

Depreciation costs increased by A\$256 million to A\$3.325 billion for the GGS, primarily reflecting increases in road and hospital infrastructure.

Grant expenses decreased A\$520 million in the GGS due to the one-off Solar Boost Scheme expense in 2016-17, which assumed the obligation for the Solar Bonus Scheme from 2017-18 to 2019-20, as well as the timing of Commonwealth Financial Assistance Grants to local governments. Offsetting these decreases were increases in NDIS funding and grants to non-state schools.

Purchases of non-financial assets and borrowings

Table 2 below provides data on the State’s purchases of non-financial assets and borrowings.

Table 2 Borrowings (UPF Basis)				
	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual
	(A\$ million)			
Purchases of Non-Financial Assets:				
General Government sector	4,635	4,044	4,620	5,127
Public non-financial corporations sector	3,173	2,773	2,708	2,509
Non-financial public sector ¹	7,811	6,852	7,291	7,644
Borrowings:				
General Government sector	43,105	35,486	33,240	31,530
Public non-financial corporations sector	32,128	37,436	38,644	37,992
Non-financial public sector	75,233	72,922	71,884	69,522

Notes:

- (1) Under present Loan Council UPF arrangements, budget and forward estimate data are not required for Public Financial Corporations, due to the difficulties in preparing robust projections of activity. No capital expenditure is assumed for this sector.

The net worth, or equity, of the State is the amount by which the State’s assets exceed its liabilities. This is the value of the investment held on behalf of the people of Queensland by public sector instrumentalities.

Net worth of the General Government sector for 2017-18 was A\$195,708 million as at June 30, 2018.

Borrowings in the General Government sector were A\$31,530 million at June 30, 2018, A\$1,710 million less than in 2016-17. This is A\$2,228 million lower than the 2017-18 Budget.

The decrease in gross borrowings is mainly due to improved operating cash flows predominantly due to higher royalty revenue.

Capital Program

On a UPF basis, the General Government’s purchases of non-financial assets (i.e. capital expenditure) in 2017-18 was A\$5,127 million, A\$507 million more than occurred in 2016-17.

The increase relative to 2016-17 is largely attributable to expenditure associated with transport and education infrastructure.

Forward Estimates

Table 3 below provides a summary of the State’s Forward Estimates on a UPF basis.

General Government expenses were forecast in the 2018-19 MYFER to grow by an average of 2.4% per annum over the four years to 2021-22.

Table 3
Key Financial Aggregates Forecasts (Summary) – 2017-18 MYFER

	2018-19 Forecast	2019-20 Projected	2020-21 Projected	2021-22 Projected
A\$ millions				
General Government Sector:				
Revenue	59,002	59,614	60,403	62,167
Expenses	58,478	59,421	60,258	62,048
Net operating balance	524	193	145	119
Purchases of non-financial assets	5,981	7,420	7,451	7,182
Fiscal balance	-2,632	-3,710	-3,416	-3,305
Public Non-Financial Corporations Sector:				
Revenue	12,662	12,322	12,510	12,835
Expenses	11,182	11,035	11,405	11,663
Net operating balance	1,479	1,287	1,104	1,172
Purchases of non-financial assets	3,115	3,514	3,028	3,001
Fiscal balance	906	442	782	941
Non-Financial Public Sector:				
Revenue	66,564	66,962	68,193	70,228
Expenses	66,033	66,805	67,983	69,945
Net operating balance	531	157	210	284
Purchases of non-financial assets	9,095	10,933	10,478	10,182
Fiscal balance	-3,198	-4,591	-3,674	-3,372

Table 4 below provides data on the latest forecasts and projections of the State’s purchases of non-financial assets and borrowings.

Table 4
Borrowings and Purchases of Non-financial assets
(UPF Basis)

	<u>2018-19</u> <u>Forecast</u>	<u>2019-20</u> <u>Forecast</u>	<u>2020-21</u> <u>Forecast</u>	<u>2021-22</u> <u>Forecast</u>
	A\$ millions			
Purchases of non-financial assets:				
General Government sector	5,981	7,420	7,451	7,182
Public non-financial corporations sector	3,115	3,514	3,028	3,001
Non-financial public sector	9,095	10,933	10,478	10,182
Borrowings:				
General Government sector	33,242	36,787	39,436	42,874
Public non-financial corporations sector	38,367	39,088	40,038	40,631
Non-financial public sector	71,609	75,875	79,473	83,505

EXHIBIT (g)

Consents.

CONSENT

I hereby consent to the use of (i) the Chairman’s and Chief Executive’s Report found on pages 4 to 5 of the Queensland Treasury Corporation’s Consolidated Financial Statements for the year ended June 30, 2018 (the “Consolidated Fiscal Year Financial Statements”) and (ii) the Certificate of the Queensland Treasury Corporation, dated August 28, 2018, found on page 50 of the Consolidated Fiscal Year Financial Statements, which Consolidated Financial Statements are hereby filed as exhibit (c)(i) in the Form 18-K to be filed and incorporated by reference in the Prospectus included in the Registration Statement dated December 10, 2009 filed by Queensland Treasury Corporation and the Treasurer on behalf of the Government of Queensland with the United States Securities and Exchange Commission (File No. 333-147600).

By: /s/ Philip Noble
Mr. Philip Noble
Chief Executive
Queensland Treasury Corporation

Date: January 18, 2019

CONSENT

I hereby consent to the use of (i) the Chairman’s and Chief Executive’s Report found on pages 4 to 5 of the Queensland Treasury Corporation’s Consolidated Financial Statements for the year ended June 30, 2018 (the “Consolidated Fiscal Year Financial Statements”) and (ii) the Certificate of the Queensland Treasury Corporation, dated August 28, 2018, found on page 50 of the Consolidated Fiscal Year Financial Statements, which Consolidated Fiscal Year Financial Statements are hereby filed as exhibit (c)(i) in the Form 18-K to be filed and incorporated by reference in the Prospectus included in the Registration Statement dated December 10, 2009 filed by Queensland Treasury Corporation and the Treasurer on behalf of the Government of Queensland with the United States Securities and Exchange Commission (File No. 333-147600).

By: /s/ Gerard Bradley
Mr. Gerard Bradley
Chairman, Queensland Treasury Corporation

Date: January 18, 2019

CONSENT

I hereby consent to the use of the Auditor General’s title under the heading “Experts and Public Official Documents” in connection with the information specified with respect to the Auditor General under such heading and to the use of (i) the Report found on pages 53 to 54 of the Queensland Treasury Corporation’s Consolidated Financial Statements for the year ended June 30, 2018 (the “QTC Consolidated Fiscal Year Financial Statements”) and (ii) the Report found on pages 5-96 to 5-98 of the Government of Queensland’s Consolidated Financial Statements for the year ended June 30, 2018 (the “QLD Consolidated Fiscal Year Financial Statements”), which QTC Consolidated Fiscal Year Financial Statements and QLD Consolidated Fiscal Year Financial Statements are hereby filed as exhibits (c)(i) and (c)(ii), respectively, in the Form 18-K to be filed and incorporated by reference in the Prospectus included in the Registration Statement dated December 10, 2009 filed by Queensland Treasury Corporation and the Treasurer on behalf of the Government of Queensland with the United States Securities and Exchange Commission (File No. 333-147600).

By: /s/ Brendan Worrall
Brendan Worrall
Auditor-General, State of Queensland

Date: January 18, 2019