UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 18-K/A

For Foreign Governments and Political Subdivisions Thereof

AMENDMENT NO. 5
to
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, 2019

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/A is being filed voluntarily by the registrant and co-registrant.

Names and addresses of persons authorized to receive notices and communications on behalf of the registrants from the Securities and Exchange Commission:

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

Rachel Hunter
Under Treasurer of the State of Queensland
Level 38, 1 William Street
Brisbane, Queensland 4000
Australia

EXPLANATORY NOTE

The undersigned registrants hereby amend the Annual Report filed on Form 18-K for the above-noted fiscal year by attaching hereto as Exhibit (c)(xi) Queensland's Budget Papers for 2020-21, Exhibit (c)(xii) the Government of Queensland's Consolidated Financial Statements for the Year Ended June 30, 2020 (the 2019-20 Report on State Finances of the Queensland Government – 30 June 2020) and as Exhibit (c)(xiii) Queensland Treasury Corporation's 2020-21 Indicative Borrowing Program Update.

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 4th day of December, 2020.

QUEENSLAND TREASURY CORPORATION

By: /s/ Philip Noble
Name: 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 4th day of December, 2020.

GOVERNMENT OF QUEENSLAND

By: /s/ Leon Allen
on behalf of
Name: The Honourable Cameron Dick MP
Title: Treasurer

INDEX TO EXHIBITS

EXHIBIT (c)(xi)

Queensland’s Budget Papers for 2020-21

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, as well as the effect of ongoing economic, banking and sovereign debt risk;
- the effect of the ongoing novel coronavirus (COVID-19) pandemic;
- 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.

QUEENSLAND BUDGET 2020-21 **Unite & Recover**

BUDGET SPEECH
BUDGET PAPER NO. 1
budget.qld.gov.au

Queensland Government

2020-21 Queensland Budget Papers

1. Budget Speech

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Budget Speech
Budget Paper No. 1
ISSN 1445-4890 (Print)
ISSN 1445-4904 (Online)

Queensland Government

Appropriation Bill 2020

(First reading speech, 1 December 2020)

The Honourable Cameron Dick MP
Treasurer
Minister for Investment

TREASURER'S SPEECH
2020-21 QUEENSLAND BUDGET

Mr Speaker, I move that the Bill be now read a first time.

2020 – THE YEAR OF COVID

This is a budget that delivers certainty in a year that has been anything but certain.

It is a budget that builds on a health response to COVID-19 that has led the world, a health response that has been driven by the strength, tenacity and goodwill of all Queenslanders.

It is fitting that the day this budget is delivered is the day Queensland reopens its borders to both New South Wales and Victoria.

The strength of our rebounding domestic economy is only possible because of the strength of our health response, and that has been built on the strength and resilience of Queenslanders and Queensland businesses.

As the virus continues to rampage around the world, many countries in the northern hemisphere face their most dire winter outside of wartime.

Through the hard work of Queenslanders, the situation we face is not easy – it is not without challenge or cost –but it is a world away from the pain being felt around the globe.

DELIVERING ON OUR COMMITMENTS

This is a budget that delivers all of our election commitments, and delivers on our plan to Unite and Recover for Queensland jobs.

This is a budget that contains no surprises for Queenslanders.

It is a budget that contains no new or increased taxes, ensuring that Queensland continues to remain a low-tax state. Queenslanders will pay an average of $628 less in tax this financial year than other Australians.

It is a budget focused on economic recovery and sustainable fiscal repair.

It is unashamedly pro-business and pro-growth.

Most importantly, the budget focuses on delivering jobs for Queenslanders.

It is a budget that charts our course through troubled waters to more prosperous, secure times ahead.

It is a budget that protects the jobs of today and lays the foundations for the skilled, secure, rewarding jobs of tomorrow.

It is a budget designed to give Queensland's private sector the confidence to employ and to grow.

One month ago, Queenslanders delivered their verdict on who should lead our state's economic recovery.

Their verdict was a clear mandate for the delivery of our Unite and Recover Economic Recovery Plan and the vision of our government – our Labor Government – led by our Premier.

The budget I hand down today delivers on the commitments we made to Queenslanders in the lead-up to and during that election.

We are a government that delivers on our promises to the people of Queensland.

QUEENSLAND – MOVED FIRST AND MOVING FAST

2020 demonstrated yet again that the battle-hardened people of our state are always ready to face adversity head-on.

Our place in the world means we are always ready to respond – calmly, carefully and confidently – to natural disasters.

And so it has been with our response to the pandemic.

We were the first government in the Commonwealth to declare a public health emergency in late January, a stance that meant we would always follow the health advice when it came to dealing with the pandemic.

This stance protected the health of Queenslanders and allowed our economy to reopen safely.

We were also the first to move when it came to providing financial relief to businesses, with a multi-million dollar package for tourism operators and seafood exporters who were affected by the cancellation of traditional Lunar New Year events in the early days of the pandemic.

We were the first jurisdiction to provide wide-ranging payroll tax relief, which supported more than 16,700 Queensland businesses affected by the necessary restrictions put in place to stop the spread of COVID-19.

And we were the first to roll out a large-scale relief package to protect the health, jobs and businesses of Queenslanders.

SAFEGUARDING OUR HEALTH

The early progress we have made with Queensland's economic recovery follows on from the globally recognised strength of our health response.

It is no accident that we have been able to reopen more businesses to greater capacity than southern states.

Our health response has been enabled by Queensland's world class health system.

Over the past five years the Palaszczuk Labor Government has rebuilt our state's health system, nurse by nurse, doctor by doctor, public health official by public health official.

It is work that I proudly began as Queensland Health Minister.

Queenslanders know they can always trust this Labor Government with their health – and their health system.

And this budget will ensure our health system will be even stronger once we are past COVID-19, with a record investment of $21.8 billion this financial year.

The budget provides $265 million to commence delivery of seven new innovative *Satellite Hospitals* across South East Queensland.

These hospitals, in:

- Redlands;
- Brisbane's southside;
- Pine Rivers;
- the Gold Coast;
- Ipswich;
- Caboolture; and
- Bribie Island

will provide healthcare that is closer to home for tens of thousands of Queenslanders and will take pressure off emergency departments in our larger metropolitan hospitals.

As we continue to see around the world, COVID is a wicked and insidious virus that will exploit the slightest weakness in any community and in any health system.

To date our response has been strong.

But we cannot be complacent, especially as more Australians return home from overseas.

That is why today I can announce the Palaszczuk Labor Government will provide additional funding of $360.5 million this financial year, to assist with the delivery of the government's COVID-19 response plan.

That funding will be available as required by Queensland Health, the Queensland Police Service and the Queensland Fire and Emergency Service.

It will be available to support a range of services, and activities, including:

- fever clinics;
- contract tracing;
- 13 HEALTH call centre services;
- in-home health care for the elderly;
- the cost of Personal Protective Equipment;
- aeromedical services; and
- the running of quarantine in government arranged accommodation.

This funding allocation will enable compliance with the COVID-19 Public Health Directions including any necessary border control measures, restrictions on gatherings and limitations on the operation of businesses, if required.

As has been the case throughout this year, the strength and integrity of our health response will underpin our economic recovery from the pandemic.

SUPPORTING JOBS

Today, across our state, there are more Queenslanders working than there were before the pandemic struck.

But the number of Queenslanders who want to work has increased higher still.

Queensland's participation rate is now one percentage point above its pre-COVID rate in March 2020.

While this contributes to a higher unemployment rate, it is also a sign of confidence in Queensland's economic future, as more people move here in search of work.

The Federal Budget projects that Queensland will see net interstate migration of 86,000 over the next four years, roughly equivalent to the net number of interstate migrants who will leave New South Wales, Western Australia and South Australia during that time.

When these people get to Queensland, they will want a job.

And as a government, we will remain resolutely committed to helping them find one.

The Federal Budget also assumes a COVID-19 vaccine will only be widely available in Australia in the second half of calendar 2021, a forecasting assumption which has been adopted by Queensland Treasury.

Even if vaccines become widely available sooner, as recent reports give us cause to hope, it seems inevitable that the virus will circulate globally for some time to come, and that will have obvious impacts on international travel.

That's why this budget will invest $74 million to fast-track tourism recovery and restore tourism jobs through our *Rebuilding Queensland Tourism* initiative.

Rebuilding Queensland Tourism includes:

- The $20 million *Queensland Tourism Activation Fund* to partner with the tourism industry and councils to develop existing and new Queensland tourism experiences
- A $20 million events boost to attract more events for Queensland. This investment will include $14 million for major events and $1.5 million a year for business events
- $15 million to Tourism and Events Queensland for a marketing blitz to encourage travellers to experience Queensland
- A $15 million *Regional Tourism Organisation Fund* to provide a special one-off funding injection to regional tourism organisations
- $4 million to deliver business capability training and future-proofing the industry.

Treasury modelling assumes it may take as long as four years before the impact of COVID-19 on employment is fully offset.

Driving employment growth as hard as possible will remain the single most important task of our government during the term of this Parliament.

And I know that every one of the 52 Members of the Palaszczuk Labor Government is committed to that four-year challenge.

It is why protecting Queensland jobs, delivering new Queensland jobs and providing access to the skills that Queenslanders need to retain or get a job remain the core principles that underpin everything this budget seeks to achieve.

MAKING IT FOR QUEENSLAND

COVID has also provided a stark reminder of the benefits of Queensland's diversified economy, and of the need for our state to be more competitive, especially when it comes to manufacturing.

That's why I am proud to announce that this budget will allocate $600 million towards our $1 billion commitment to make trains in Queensland again.

For the first time in a decade, we will ensure that our state's trains carry the proudest stamp of all: Made in Queensland.

We will also continue our 10-year pipeline of manufacturing work in Maryborough to refurbish and maintain the existing Queensland Rail fleet, which is also being delivered by Downer EDI.

BACKING SMALL BUSINESS

On the wall of my office as Treasurer I keep two framed photos, taken decades apart, of two small business owners.

Once upon a time they were called shopkeepers.

The smiles of those shopkeepers, as they look out from behind the counters of their shops, are warm and welcoming.

I look at these photos most days, and the smiles of my late grandmother and late father say many things to me, including: “we are open for business” and “we are here to help you”.

I can only hope that they would be proud that a son and grandson of small business now stands at the counter of the largest and most important enterprise in Queensland, delivering the state budget.

Like so many Queenslanders who own and operate small businesses, their lives in business were hard and sometimes difficult.

Life lessons of risk and reward, frugality and fortitude, long hours and short weekends left an indelible impression on me.

Their smiles also remind me that small business, our state's biggest employer, is the backbone of the Queensland economy.

Small business bore the brunt of the COVID-19 downturn, especially through the early months of the pandemic.

That's why our government backed Queensland small businesses, with $1 billion in 12-month interest free loans, with more than $1.3 billion in payroll tax and land tax relief and close to $200 million in grants to nearly 20,000 small Queensland businesses.

As our economic recovery continues, the Palaszczuk Labor Government recognises the vital role small business will play in growing jobs.

We recognise the role that government must play to stimulate growth and drive economic confidence for small business.

That is why this budget delivers $140 million for our *Big Plans for Small Business Strategy*.

This investment includes $100 million from our $500 million *Backing Queensland Business Investment Fund* dedicated to investing in small to medium sized businesses that have significant growth potential and will create jobs.

Through our world-class investment manager, the Queensland Investment Corporation, this investment will enable small to medium sized businesses to grow into new markets and drive jobs growth in Queensland.

The budget also provides $30 million to increase the skills and capabilities of our small businesses, through a focus on priority industry sectors, market development and mentoring.

BUILDING QUEENSLAND

The Palaszczuk Government is focused on stimulating growth in the private sector to foster job creation, and is determined to directly support jobs through the delivery of infrastructure that Queenslanders deserve, no matter where they live across our vast state.

That means building the schools, the hospitals and the bridges, roads and tunnels that our growing state will need in the future.

I am pleased to announce today that over the next four years, the value of the Palaszczuk Labor Government's capital works and infrastructure program will be $56 billion, which is a record spend over the past decade.

GROWING OUR REGIONS

As has been the consistent position of this government, the bulk of our capital spend will occur outside Greater Brisbane.

Regional Queensland has once again demonstrated its resilience and ingenuity during the COVID-19 pandemic.

It is the strength of sectors such as agriculture and the mining of coal and other minerals that has protected our economy from some of the worst effects of the COVID-19 downturn.

Our government knows how important the ongoing growth of Queensland's regions is to our continued economic prosperity.

Whether it is the Cairns Marine Precinct, the Wellcamp Regional Entertainment Precinct, the Olive Downs metallurgical coal mine in the Bowen Basin, the strategic stake we intend to take in the Dalrymple Bay Coal Terminal and its potential expansion, or the DriveIT NQ Motorsport Precinct in Townsville, our government is committed to backing regional projects that will drive private sector jobs growth.

By creating skilled job opportunities in these regional centres, we will support more investment and boost economic prosperity for all Queenslanders.

INVESTING IN SKILLS

Across regional Queensland, the surge in renewable energy production and our focus on traditional and advanced manufacturing industries will mean the creation of rewarding, secure jobs.

But we will need a workforce with the skills to take on those jobs.

That’s why this budget invests so heavily in the future skills requirements of all Queenslanders, to take advantage of those future opportunities.

We’re investing $1 billion over four years through our Great Schools, Great Future commitment.

That includes $394 million for new classrooms and administration buildings, $235 million for new or upgraded school halls and $100 million for infrastructure renewal.

The budget allocates $45 million to build and upgrade training facilities for at-school training across Queensland.

And those training opportunities will be tailored to meet the needs and opportunities of regional Queensland.

That means welding and metal work training at Cloncurry State School, to take advantage of the opportunities presented by the North West Minerals Province.

It means a new aquaculture research facility at Rockhampton State High, to give school leavers a boost into the jobs available in this growing sector.

It means training for defence industry jobs at Glenala State High School, near Rheinmetall’s Military Vehicle Centre of Excellence.

And it means training specific to the emerging hydrogen industry at Gladstone State High School, an industry that has the potential to fuel manufacturing and export opportunities for years to come.

Our program of free TAFE and free apprenticeships for Queenslanders under 21 has been such a success we will extend it to all Queenslanders under 25.

That $21 million initiative will create free training opportunities for thousands more young Queenslanders in priority areas including:

- health services
- hospitality
- engineering
- aged and disability support and
- early childhood education.

Historically, young Queenslanders have been keen participants in our labour force. By providing free TAFE to under-25s, we will help more of our young people to be job-ready.

Today, I can announce that we are investing a further $200 million in the skills of the future, with a suite of initiatives, including:

- $32.4 million over two years for the TAFE Priority Skills Fund;
- $25 million over two years for Pre-Apprenticeship Support;
- $8 million over four years for a Digital Professional Workforce Plan;
- $8 million over two years for the Social Enterprise Jobs Fund;
- $5 million over two years for the First Nations Training Strategy; and
- $5 million in 2020-21 for the Workforce Transition Support Program.

BACKING OUR FRONTLINE SERVICES

In the same way Queensland's regions have fortified our economy through the worst of the pandemic, so our frontline public servants have gone above and beyond to protect Queensland through one of the greatest challenges in our state's history.

From the contact tracers and COVID ward nursing staff to the members of the Queensland Police Service and State Emergency Service volunteers who kept our borders secure to the teachers who delivered lessons remotely during lockdown, there has seldom been a time when the term 'public servant' has been more apt.

They have served us so well – and they have our lasting admiration and gratitude.

We will do what Labor governments always do – we will always invest in the frontline and we will always back our frontline workers.

That is why this budget will continue to strengthen that frontline.

It commences the delivery of:

- 5,800 nurses and midwives;
- 1,500 doctors;
- 475 paramedics; and
- 1,700 allied health professionals.

It will also commence delivery of:

- 2025 extra police personnel by 2025, including 1,450 frontline positions;
- 357 extra firefighters;
- 6,190 new teachers; and
- 1,139 teacher aides.

Our government will always back our frontline workers – because we know they will always be there to back Queenslanders.

PROTECTING OUR ENVIRONMENT

Queenslanders know that economic prosperity is intrinsically linked to the health of our environment.

As custodians of the greatest natural wonder on earth – the Great Barrier Reef – we are acutely aware that the reef supports tens of thousands of Queensland jobs.

We look forward to the day when we can welcome back visitors from around the world to marvel at the Reef, and everything else that Queensland's unique, precious and spectacular natural environment has to offer.

In the meantime this budget invests $40 million to grow the jobs that will be needed for our ecotourism industry, and to protect our natural assets that will draw those international visitors once more.

Our investment in the reef includes:

- A $10 million Reef Credits initiative to encourage restoration projects and environmental market development;
- A $10 million Reef Assist program, delivered in partnership with local governments and natural resource management organisations;
- $6 million for a Great Barrier Reef Island Arks program to deliver ecotourism and acquire new protected areas;
- $3.9 million to develop world-class sailing trails around Townsville and the Whitsundays; and
- $10.1 million for upgrades to National Parks and World Heritage Areas.

We will also supercharge the delivery of our 50% renewable energy target by 2030 through our $500 million Renewable Energy Fund.

The Fund will allow our publicly owned energy companies to increase their public ownership of commercial renewable projects and the infrastructure, like batteries and transmission lines that will support them.

FISCAL POSITION

The disruptive global impact of COVID-19 has caused unprecedented harm to the Queensland economy.

As a consequence, revenue is forecast to be $12.3 billion lower than projected at the Mid-Year Fiscal and Economic Review in December 2019.

That includes a $4.5 billion reduction in forecast tax revenue, a $3.8 billion drop in GST revenue and a $4 billion fall in royalty revenue.

In this financial year, royalty revenue will fall by 45%, relative to last financial year.

As we made clear in the election campaign, in the face of this revenue collapse, it would be reckless and irresponsible to promise a budget surplus at this time.

That is the same view as the Federal Government, the Government of New South Wales, the Government of Victoria, and almost every other state and territory government in Australia.

The four years of deficits that I announce today represent exactly what we told the people of Queensland, and what the people of Queensland expect from government at a time of economic crisis.

This budget is in deficit because it is a pro-growth and pro-business budget.

I make it clear today that the budget will only return to balance when the economy returns to normal.

Budgets are always about choices.

This Labor Government chooses to support those most affected by the brunt of the downturn, rather than make them carry the unfair weight of a reckless rush back to surplus.

We will not drop the anvil of austerity on those already weakened by the COVID crisis.

Instead we will use the strength of our balance sheet to restore the strength of the Queensland economy, and the stronger economy that we create will push our budget towards balance.

DRIVING PRODUCTIVITY

The health response that protected Queenslanders and the economic relief measures that protected their jobs proved that adversity drives innovation.

The implementation of our Economic Recovery Plan allowed us to initiate reforms that reduced costs for businesses and allowed greater flexibility across the board, from the production of Personal Protective Equipment to the hours when supermarkets could restock.

Our government recognises the role that ongoing reform will play in driving productivity gains.

It is why we have appointed a dedicated Small Business Commissioner to enable us to work even more closely with small businesses, to help them continue to drive prosperity and create new job opportunities.

It is why bringing the Queensland Productivity Commission into Treasury to form the Office of Productivity and Red Tape Reduction will enable us to fast-track opportunities for regulatory reform that can accelerate our path away from COVID-19.

BORROWINGS

Since I released our government's COVID-19 Fiscal and Economic Review I have been clear about the need for Queensland to borrow to rebuild.

As Queensland Treasurer, borrowing is not my first choice.

But right now, and for several years into the future, borrowing is the only choice.

As I said during the election campaign, budget deficits must be funded from borrowings.

Accordingly, borrowings will increase.

No Queenslander will be surprised by that.

Borrowings will also increase to drive stimulus and support investment in productivity-enhancing infrastructure.

For nearly a decade, Queensland politics has been haunted by the false argument that debt in Queensland was somehow inherently more dangerous and damaging than debt borrowed anywhere else, or borrowed by anyone else.

That somehow, Labor borrowing to build schools, hospitals or prisons was somehow more harmful to the economy than the LNP borrowing to pay consultants who informed their cut, sack and sell agenda.

This argument, consistently levelled at Queensland, was an attempt to justify wholesale cuts to essential services and the sale of public assets.

Today is the day that myth is finally and conclusively dispelled.

When Australia begins to exit this pandemic, Queensland will have the lowest debt of east coast states, even if you include all the borrowings of our government-owned corporations and statutory authorities.

By June 2024, Queensland’s debt will still be lower than that of New South Wales and Victoria.

And unlike those states, Queensland has kept our public assets in public hands.

Keeping public assets in public hands has meant that the revenue these assets generate remains in public hands.

It means that Queensland’s balance sheet is in a strong position.

And this is no accident.

The Palaszczuk Labor Government has pursued a deliberate strategy to keep our public assets in public hands, for the benefit of all Queenslanders.

It means that while Queensland's total Non-Financial Public Sector debt will reach $130 billion at the end of the forward estimates, that debt will only be two-thirds of the total Non-Financial Public Sector debt of the New South Wales Government, which will ramp up to $190.8 billion over the same period.

Government debt in New South Wales is projected to be so high that there is already speculation in the financial sector that the Reserve Bank of Australia may have to enlarge its quantitative easing program to support the borrowings of the New South Wales Government.

While New South Wales and Victoria will have total debt levels exceeding 190% of revenue by 2024, Queensland's figure will be 174%.

And while Victoria's General Government debt-to-revenue ratio will be 212%, and New South Wales will be at 170%, Queensland's General Government debt-to-revenue ratio will be 134%.

Although we will deliver a lower level of debt than New South Wales or Victoria, we will still be borrowing.

To do anything other than borrow to rebuild would condemn our economy to years of austerity and a far slower and more painful recovery.

It would condemn unemployed Queenslanders to a longer job search.

This has been recognised by the Organisation for Economic Cooperation and Development, the International Monetary Fund, the Prime Minister of Australia, the Federal Treasurer and the Governor of the Reserve Bank of Australia.

If there has ever been a time to borrow to build, to create jobs and to strengthen the Queensland economy, it is now.

Last month, Queensland Treasury Corporation issued a $1.5 billion green bond, an issue that was immediately oversubscribed by a factor of nearly two-to-one, such is the international and domestic appetite for bonds issued by Queensland.

43% of that offer was taken up by investors in Europe and Asia.

And the yield on that oversubscribed issue was 1.1% per annum.

That is the lowest rate ever paid on a QTC bond.

As a result of the strong demand for our bonds, our debt servicing costs will represent 3% of our total revenues across the forward estimates.

Not only are our interest costs lower than the peak of 4.7% they reached in the 2013-14 financial year during the term of the Newman LNP Government, they are also more than offset by our interest income.

In simple terms, the interest that the Queensland Government is earning on its investments is more than we are paying out to service our debt.

Our government is taking advantage of this difference to support Queenslanders and to invest for the future.

SAVINGS MEASURES

Of course, our government will not spend money simply for spending's sake.

We are investing where we expect a return for Queenslanders – whether that return is economic, social or environmental.

Coupled with that careful investment is a commitment to delivering savings and efficiencies wherever possible.

In July I announced our government's Savings and Debt Plan, targeting $3 billion in savings over four years, including $750 million this financial year.

We are 42% of the way through the financial year and our government has already achieved 47%, or $352.2 million of our savings target for 2020-21 through a range of measures.

ECONOMIC UPDATE

Australian governments at every level know that the recovery has a long way to run.

In Queensland, we are witnessing positive early progress.

The successful health response in Australia, including in Queensland, has allowed a greater than anticipated rebound in domestic economic activity.

When I delivered the COVID-19 Fiscal and Economic Review in September, employment was forecast to grow at 3.5% through to the June quarter 2021.

It is now forecast to grow at 6.75%, creating 77,300 more jobs compared with C-FER, for a total of 160,000 jobs over the year to June quarter 2021.

But our government takes no economic outcome for granted.

Across the world, the 2020 trend of high volatility and uncertainty has continued unabated.

The resurgence of the virus in other countries has resulted in a weaker outlook for global trade and economic activity.

That has inevitable consequences for a trade-focused economy like Queensland.

Merchandise trade has fallen considerably, by 22% over the past twelve months.

At the same time, our domestic economy is performing strongly.

Retail sales rebounded by 8.9% in the September quarter to be 11% higher than in the same period in 2019.

Dwelling approvals rose 11.6% in the September quarter, to be higher than pre-COVID levels.

New loan commitments for owner-occupiers surged to their highest level in 18 years, up almost 79% over the year to September for first-home buyers and up by almost 40% for other buyers.

CONCLUSION

A month ago yesterday, the people of Queensland once again placed their trust in the Palaszczuk Labor Government.

This honour comes with enormous responsibility, perhaps a greater responsibility than at any time in recent memory.

The next four years will be a hard road for Queensland as we recover from COVID-19.

There is no point trying to pretend otherwise.

As we travel that road together, at all times our government will continue to respect and honour the trust and confidence placed in us by Queenslanders.

We will stay true to the promises we have made to them.

The opening of our borders today is a signal of hope and a sign of confidence in the plan that has brought us this far.

It means more flights, more accommodation bookings, more activity to support jobs throughout our tourist regions.

It means more chances for families to reunite, especially as the songs of the holiday season and the hymns of Christmas start to fill the air.

It means the distant star we see ahead is starting to glow a little brighter, calling us on to a Queensland of hope, opportunity and renewal.

By working together we will set our state on a path to prosperity and success that will last for decades to come.

And this budget is the first step on that journey.

I commend the Bill to the House.

Queensland Budget 2020-21

Budget Speech Budget Paper No.1

budget.qld.gov.au

BUDGET STRATEGY AND OUTLOOK
BUDGET PAPER NO. 2
budget.qld.gov.au

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Budget Strategy and Outlook
Budget Paper No. 2
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Queensland Government

State Budget
2020-21

Budget Strategy and Outlook

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Overview

In addition to the health consequences and tragic loss of life, the coronavirus (COVID-19) pandemic and associated containment measures have had an unprecedented impact on the global, national and Queensland economies, with significant flow on impacts to the state's fiscal position.

Both globally and domestically, economic outcomes have been more favourable in jurisdictions and countries where control of the virus and health outcomes have been better.

Importantly, Queensland's success in containing the spread of the virus means the June quarter is now expected to be the lowest point in the COVID-19 economic cycle.

The substantial and ongoing relaxation of restrictions across the state, as well as the substantial income support and stimulus provided across all levels of government, facilitated a strong rebound in domestic activity in the September quarter.

Between May and October, employment in Queensland has rebounded by 205,900 persons to be 500 persons above the pre-pandemic level in March 2020. As at October 2020, Queensland is the only state where employment and hours worked have rebounded to above their pre-COVID-19 levels, highlighting the extent of the recovery in the state's labour market.

Domestic and global conditions have continued to evolve since the COVID-19 Fiscal and Economic Review (C19-FER). While many indicators of Queensland's domestic economy have continued to improve, the global outlook has weakened further and remains the key risk to the state's economic outlook.

On balance, the Queensland economy is still forecast to return to marginal growth (up ¼%) in 2020-21, before strengthening substantially to 3½% growth in 2021-22.

Reflecting the strength of the recent recovery in the labour market, employment is now forecast to rise by 6¾% (around 160,000 persons) through the year to June quarter 2021.

Queensland entered this crisis with a robust fiscal position. The 2019-20 MYFER forecast increasing net operating surpluses across the forward estimates. This strong pre-crisis position allowed the government to respond quickly to the crisis, and to maintain the support necessary to ensure Queensland's economic recovery.

As the economy strengthens through the recovery phase, revenues will rise, and temporary support measures will be wound back. The budget position will strengthen, and borrowings will stabilise. Once the budget returns to surplus, fiscal buffers will be restored and debt reduced.

Importantly, by safeguarding the health of Queenslanders and limiting the spread of the virus, the emergency health restrictions were able to be eased much earlier than initially anticipated. This directly resulted in Queensland's domestic economy recovering more rapidly than many other economies across the country and around the world.

However, the global crisis will continue to have significant impacts on Queensland's key industries, regions and communities as the pandemic continues to evolve around the world and as the economic recovery gains momentum.

As such, as highlighted in the Queensland Government's *Unite and Recover: Queensland's Economic Recovery Plan*, Queensland's economic recovery from COVID-19 is a long-term challenge that requires a long-term response.

A pro-growth and pro-business policy focus, underpinned by driving ongoing improvements in the competitiveness and productivity of the state's key industries, will be critical to drive sustainable economic growth, job creation and improve living standards for all Queenslanders.

Queensland Government's objectives for the community

The Queensland Government's objectives for the community are built around the Economic Recovery Plan. These objectives, which are long term and can only be achieved by working together, are:

- **Safeguarding our health:** Safeguarding our health and jobs by keeping Queensland pandemic ready.
- **Supporting jobs:** Support increased jobs in more industries to diversify our economy and grow our existing strengths in agriculture, resources and tourism.
- **Backing small business:** Helping small business, the backbone of our economy, thrive in a changing environment.
- **Making it for Queensland:** Growing manufacturing across traditional and new industries, making new products in new ways and creating new jobs.
- **Building Queensland:** Driving investment in the infrastructure that supports our recovery, resilience and future prosperity.
- **Growing our regions:** Helping Queensland's regions grow by attracting people, talent and investment, and driving sustainable economic prosperity.
- **Investing in skills:** Ensuring Queenslanders have the skills they need to find meaningful jobs and set up pathways for the future.
- **Back our frontline services:** Deliver world class frontline services in key areas such as health, education and community safety.
- **Protect the environment:** Protect and enhance our natural environment and heritage for future generations and achieve a 50% renewable energy target by 2030.

The Queensland Government's Economic Recovery Plan highlighted initiatives totalling more than $7 billion to support jobs and the economic capacity of Queensland.

Building on this support, the government has committed to a significant package of election commitments totalling $4.3 billion over four years. These measures provide essential support for service delivery as well as continued resources for COVID-19 support and recovery.

Safeguarding our health

In the midst of arguably the greatest global health crisis for more than a century, the government's number one priority has been, and continues to be, safeguarding the health of all Queenslanders and building community resilience.

The success of Queensland's health response to protect Queenslanders has highlighted that the state's long-term economic success will also depend on our ability to protect the health and wellbeing of Queenslanders, including their mental health.

In line with this commitment, the budget allocates total health funding of $21.8 billion in 2020-21, including more than $1.6 billion for essential health infrastructure projects across the state. Key health measures include:

- $979 million to enhance capacity and services at three major public hospitals in the South East Queensland growth corridor.
- $265 million in funding to build seven satellite hospitals to enable our acute hospitals to safely manage patients via alternative models of care.
- A range of funding for major regional health infrastructure, including: $70 million for Cairns Hospital mental health unit; $86.2 million for the Nambour Hospital redevelopment; and $46 million for the Thursday Island health facility upgrade.

In addition, the budget includes $100 million over three years to employ 464 additional wellbeing professionals in Queensland state schools and to trial the placement of general practitioners in up to 20 schools.

Supporting jobs

The government's Economic Recovery Plan focuses on protecting jobs, including through safeguarding our health, minimising business costs through payroll tax reductions and other tax relief measures, and accelerating projects to unlock development and increase economic activity.

The 2020-21 Budget outlines a substantial capital program of $56.031 billion over four years throughout Queensland, which is estimated to directly support 46,000 jobs in 2020-21.

Some of the other key measures that will support jobs now and in the future include:

- $1 billion in concessional jobs support loans, interest free for 12 months, to support businesses and keep Queenslanders in work. As at 31 October, more than 6,900 Queensland businesses have drawn down loans from the scheme, supporting over 86,000 local jobs.
- Supporting the manufacturing industry, including almost $1 billion to make trains again in Queensland, as well as targeted support for sectors such as tourism, agriculture and energy.
- An additional $200 million in Works for Queensland funding (taking total program funding to $800 million) and a further $200 million for a COVID Works for Queensland program, complemented by a $100 million SEQ Community Stimulus Package, to support job-creating maintenance and minor infrastructure projects.
- Providing more Queenslanders with access to the skills training they need for rewarding careers.

Backing small business

Small business is a critical driver of economic activity and employment in Queensland, with small businesses representing over 97% of all businesses across the state and employing around 42% of private sector workers in Queensland.

Significantly, small businesses across the state have also been among the hardest hit by the economic impacts of the COVID-19 pandemic, given several of the most severely impacted sectors of the economy, including tourism-related businesses and many non-essential services, tend to be in industries dominated by small businesses.

In response to the crisis, the government has implemented a number of programs and initiatives designed to support small businesses and their employees. These programs include:

- $1 billion in concessional jobs support loans, interest free for 12 months. Almost 90% of the businesses were small businesses with 20 employees or less.
- Significant tax relief measures across the 2019-20 and 2020-21 financial years, including payroll tax refunds, payment holidays and deferrals, exemptions from payroll tax for JobKeeper payments and land tax relief.
- Up to $196 million in Small Business Adaption Grants of up to $10,000, including a specific focus on small regional businesses.

The budget also includes a new $500 million Backing Queensland Business Investment Fund, with $100 million dedicated to direct investment in small and medium businesses based in Queensland and creating Queensland jobs.

Making it for Queensland

Queensland’s manufacturers collectively contribute more than $22 billion a year to the Queensland economy and support around 165,000 jobs. Growing the manufacturing sector in both traditional and new industries will not only support economic diversity and resilience but create new jobs.

The Economic Recovery Plan aims to foster growth precincts across the state by bringing manufacturers, skilled workers and supply chains together to power regional development. A key focus of the Plan involves the government working with industry to adopt innovative manufacturing techniques to enhance global competitiveness.

As part of this budget, the government will continue to support the state’s manufacturing sector, including a strong focus on attracting new businesses to the state. The suite of programs included in the budget to support and drive this innovation and growth in manufacturing include:

- Establishment of an Immersive Technology Hub to promote Queensland’s capabilities nationally and internationally.
- Delivering programs to connect research and technology companies with corporates to grow value, adding revenue and global routes to market.
- Form an agreement with Vaxxas to manufacture needle-free vaccine technology, aligned with the Queensland Biomedical 10-year Roadmap and Action Plan.
- Continuation of support to Rheinmetall Defence Australia’s $170 million facility at Redbank.

- An almost $1 billion investment pipeline to build trains in Queensland, supporting hundreds of ongoing jobs in Maryborough, including a 10-year pipeline of manufacturing work to refurbish and maintain the QR fleet.

As another example of the government's commitment to supporting the growth of manufacturing, in October this year the Queensland Government announced a partnership with Boeing Australia that, pending orders, will deliver Queensland a state-of-the-art advanced manufacturing facility to produce Boeing's newest unmanned aircraft, known as Loyal Wingman, for global customers.

Building Queensland

The government's ongoing commitment to delivering and facilitating productivity-enhancing and catalytic infrastructure works will improve productivity and connectivity across the economy, supporting Queensland's economic recovery, growing the state's regions and supporting business-led growth over the longer term.

Infrastructure connects individuals and households to employment opportunities and enables all Queenslanders to access essential services, such as health care and education. Infrastructure also improves business connectivity, productivity, and competitiveness, connects supply chains to more efficiently move goods and services across industries, regions, the rest-of-Australia, and overseas. As such, it increases the broader longer-term productive capacity of the Queensland economy, which leads to the creation of more high-value long term jobs across industries and regions.

The government's capital works program will directly support substantial employment and economic activity across all regions of the state, with the $14.8 billion capital program in 2020-21 estimated to directly support 46,000 jobs.

Highlights of the 2020-21 investment in transformative infrastructure include:

- $1.5 billion to continue construction work on Cross River Rail and substantial ongoing investment to fund major upgrades as part of the $3.4 billion program of works on the M1 Pacific Motorway and upgrades to the Bruce Highway.
- $50.4 million of a $709.9 million total spend in joint funding for the Gold Coast Light Rail Stage 3A.
- $38.9 million of a $550.8 million total spend in joint funding for the North Coast Line – Beerburrum to Nambour Rail Upgrade.
- Substantial ongoing investment to support the state's delivery of enhanced justice and public safety services, and to construct new social housing dwellings and upgrade existing properties, including in Indigenous communities.

Growing our regions

Approximately half of Queensland's 5.2 million people reside outside Greater Brisbane, highlighting the critical importance of Queensland's regional economies and communities.

Queensland's regional economies are built on strong natural and competitive advantages. As a result, many of Queensland's regions are heavily dependent on trade to drive their prosperity, with around 80% of the state's merchandise exports produced in regional Queensland.

Further, more than half of the state's tourism businesses are located in regional areas and, in some regions like the Whitsundays, tourism directly accounts for one in five jobs.

The Queensland Government clearly recognises the critical role the state's regional economies and communities play in driving the state's recovery from COVID-19, building the state's resilience in the face of an ever-changing global landscape, and supporting ongoing growth in secure, highly skilled and well-paid jobs.

The 2020-21 Budget outlines a wide range of programs and initiatives to support the state's regions, including:

- $200 million additional funding for the Works for Queensland program to support local governments outside South East Queensland.
- Funding for a range of major regional infrastructure investments, including upgrades to the Cairns Marine Precinct owned by Ports North, the Wellcamp entertainment precinct near Toowoomba, and a new film production studio in Far North Queensland.
- A range of projects across the state to ensure clean, safe and affordable water supply for communities and businesses. This includes more than $150 million for dam improvements in 2020-21 and the government's $195 million contribution towards the Townsville City Council's Stage 2 Haughton Pipeline to improve water security for the North Queensland region.
- $21 million to revitalise Queensland's coastal shipping industry and create maritime jobs, including the establishment of a new shipping service between Townsville and Brisbane.
- An additional $10 million over the next four years to develop the renewable hydrogen industry in Queensland, bringing the total investment in the Hydrogen Industry Development Fund to $25 million. The new funding will be used to continue working with project proponents to support renewable hydrogen projects in regional Queensland.

In addition, the government continues to invest in regions through the Building our Regions program, which also leverages funding from local governments, the Australian Government and others.

Investing in skills

The government's Economic Recovery Plan recognises the importance of equipping Queenslanders with the skills needed in our future economy. The plan focuses on building workforce resilience and adaptability through facilitating upskilling and lifelong learning to support job opportunities for Queenslanders.

Targeted skills development is necessary to enable individuals to capitalise on both current and future employment opportunities, supporting them to achieve higher incomes, meaningful employment and to improve their overall quality of life.

The 2020-21 Budget continues the government's investment to ensure the state has a highly skilled and adaptable workforce, including:

- Around $1 billion over four years through the Great Schools, Great Future commitment, to provide new classrooms and facilities at existing schools to meet growing enrolments.
- Expanding the Building Future Schools Fund to $1.7 billion by investing an additional $346.2 million over four years from 2020-21, including for four new schools.
- $21 million for the Free TAFE and Free apprenticeships initiatives for Queenslanders aged under 25 years for qualifications in priority areas.
- $200 million to invest in the future skills requirements of Queenslanders, including: funding for TAFE facilities; priority skills, pre-apprenticeships; capacity building in manufacturing, digital workforces, and social enterprise; and targeted support for disadvantaged cohorts.

Back our frontline services

The government continues to focus on frontline service delivery, ensuring Queenslanders, no matter where they live, can receive the support they need at the time they need it.

This budget with significant spending on key frontline services, including funding for more nurses, doctors and other health professionals, teachers, community service staff, firefighters, paramedics and police personnel.

Close to 90% of all Queensland public sector employees are in frontline or frontline support roles working closely with local communities across the state. Funding in the budget will support the election commitment of additional health service staff including 5,800 nurses, 1,500 doctors and 1,700 allied health professionals through to September 2024.

Other key measures contained in the budget include:

- Employing 6,190 new teachers and 1,139 new teacher aides over the next four years to support learning outcomes across the state.
- Increased funding to up to $36 million over four years to Surf Life Saving Queensland to support its crucial efforts in safeguarding Queenslanders and the state's visitors.
- An additional 357 firefighters over five years to help the community prevent, prepare for, respond to and recover from the impact of fire and emergency events.
- Hiring an additional 2,025 police personnel over the next five years, while an additional 25 police beats will be established.

Protect the environment

Queensland's natural beauty and rich resource endowment has made a significant contribution to the state's prosperity. The government's recovery plan maintains a strong focus on ensuring appropriate protections are in place for optimising the use of our natural resources. This will unlock opportunities that deliver sustainable outcomes in terms of growth and the environment for the benefit of current and future generations of Queenslanders.

The COVID-19 pandemic is also likely to create opportunities for Queensland to enhance its position and reputation as a safe lifestyle destination for tourists, businesses and potential migrants. Protecting our environment, complemented by provision of sustainable and resilient infrastructure, will boost the state's competitiveness in attracting investment, businesses and highly skilled workers.

The government has announced a suite of programs to protect the environment, with existing and new initiatives outlined in the budget including:

- Consistent with the 50% renewable energy target, the government recently announced a $500 million Renewable Energy Fund to support the renewable energy sector. The Fund complements the government's $145 million commitment to establish three renewable energy zones across Queensland to foster jobs and growth in regional Queensland.
- One of the state's biggest tourism attractions and environmental wonders – the Great Barrier Reef – will benefit from an additional $40 million worth of support. This includes $10 million for a Reef Assist Program and $6 million over four years for the GBR Island Arks project to deliver ecotourism in the region.
- A further $27.1 million has been allocated to support reef water quality activities. The latest Reef funding builds on more than $400 million committed by the government since 2015.
- $10.5 million will be delivered in 2020-21 as part of the five-year $65 million Queensland Resilience and Risk Reduction Fund.

Supporting Queenslanders

The impact of the COVID-19 pandemic has been significant and the Queensland Government moved quickly to introduce a substantial relief package to support Queenslanders.

A critical element of the government's support was the introduction of substantial tax relief measures to support Queensland businesses, particularly small-to-medium enterprises. These initiatives, or tax expenditures, were primarily aimed at supporting the cashflows and viability of Queensland businesses, landlords, tenants, and the state's pubs and clubs.

Key tax relief measures included: tax refunds, waivers, and rebates; deferrals of tax liabilities; and tax exemptions.

As well as tax relief, the government also provided a range of concessions and assistance measures to further support Queensland businesses and households impacted directly and indirectly by COVID-19.

These include: electricity rebates, concessional loan schemes, commercial rent relief, transport service supports, business counselling and financial advisory services, subsidies for accommodation and travel, various registration and licencing fee waivers, reduced or waived annual fees, and other sector-specific assistance measures.

The Queensland Government is committed to providing critical support for households and businesses across the state as the community and economy continue to recover from COVID-19.

Economic Outlook

The COVID-19 pandemic has delivered an unprecedented shock to the global economy, with data indicating that economic outcomes are more favourable where health outcomes are better.

The pandemic and related restrictions led to a record 5.9% fall in domestic economic activity in Queensland in June quarter of 2020, less than the 7.4% fall recorded in national domestic activity and declines in New South Wales (down 8.6%) and Victoria (down 8.5%).

Importantly, Queensland's success in containing the spread of the virus means the June quarter is now expected to be the lowest point in the COVID-19 economic cycle, with the unwinding of restrictions and substantial income support and stimulus provided across all levels of government having facilitated a strong rebound in domestic activity in the September quarter.

Domestic and global conditions have continued to evolve since C19-FER but currently appear to be on different trajectories. While many indicators of Queensland's domestic economy have continued to improve, the global outlook has weakened further and remains the key risk to the state's economic outlook.

On balance, the Queensland economy is still forecast to return to marginal growth (up ¼%) in 2020-21, unchanged from the C19-FER forecast. Economic growth is then forecast to rebound to 3½% in 2021-22, followed by ongoing solid growth of around 2¾% in 2022-23 and 2023-24.

COVID-19 has also had a substantial impact on the Queensland labour market, with employment in Queensland falling by a record 205,400 persons (or 8.0%) between March and May 2020.

However, since May, there has been a rapid and strong recovery in the Queensland labour market. Employment increased by 205,900 persons between May and October 2020, to be 500 persons above the pre-COVID-19 level in March. Similarly, the monthly number of hours worked in Queensland rebounded between May and October, to be 0.4% above pre-COVID-19 levels.

Queensland is the only state where employment and hours worked have rebounded to above their pre-COVID-19 levels. This highlights the extent of the recovery in the state's labour market following the easing of restrictions due to success in containing the virus.

This strength is reflected in the outlook for employment, which in year-average terms is forecast to rise 1% in 2020-21 (compared with a 3% fall forecast at C19-FER), and in quarterly terms, is forecast to rise by 6¾% (around 160,000 persons) through the year to June quarter 2021.

The improved employment conditions and outlook has also flowed through to unemployment. The year-average unemployment rate is now forecast to average 7½% in 2020-21 (down from 8½% at C19-FER) and improve steadily over coming years, falling to 6½% by 2022-23. In quarterly terms, the seasonally adjusted unemployment rate is expected to have peaked at 7.9% in September quarter 2020, lower than the 9% peak expected in December quarter 2020 at C19-FER.

Overview Table 1 Queensland economic forecasts/projections[1]

	Actuals		Forecasts		Projections	
	2018-19	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Gross state product[2]	**1.6**	**-0.4**	**¼**	**3½**	**2¾**	**2¾**
Nominal gross state product	5	-1.2	-3	6¼	4¼	5
Employment[3]	1.4	0.5	1	2¼	2	2
Unemployment rate[4]	6.1	6.4	7½	7	6½	6½
Inflation[3]	1.6	1.2	1¼	1½	1¾	2
Wage Price Index[3]	2.3	1.9	1¼	1½	2	2¼
Population[3]	1.7	1½	1	1	1¼	1½

Notes:

1. Unless otherwise stated, all figures are annual percentage changes.
2. CVM, 2017-18 reference year. 2019-20 GSP outcome is a preliminary estimate and may be revised in the September quarter 2020 *Queensland State Accounts*.
3. Annual percentage change, year-average.
4. Per cent, year-average.

Sources: ABS National, State and Territory Population, Labour Force, Wage Price Index, Consumer Price Index and Queensland Treasury.

Fiscal Outlook

Queensland has needed to significantly increase expenditure, both for health services and supporting the community and businesses through this crisis. This reflects the government's strategic intent with responding to this crisis to safeguard the health of Queenslanders as the foremost priority, while helping industries and businesses adapt and recover.

The decision to prioritise the health crisis response and economic recovery has meant that Queensland's fiscal position has been substantially impacted. However, Queensland entered this crisis with a robust fiscal position. This will allow the budget to weather the crisis and be positioned for recovery as the immediate pandemic pressures ease and productivity initiatives take effect.

Risks to the fiscal outlook remain elevated, and flow from risks to the macroeconomic outlook. Another substantial or elevated wave of the pandemic disrupting recovery in global demand for Queensland exports, delays in the availability of an effective vaccine, and an abrupt unwinding of Australian Government fiscal stimulus measures would all prolong negative effects on demand and activity. An escalation of geopolitical tensions and trade disputes would also hinder global economic recovery.

Queensland's operating position has been significantly affected by the impact of the economic downturn on revenues as well as the cost of support and recovery measures. The operating deficit for 2019-20 was $5.734 billion, in line with the C19-FER expectation, with an estimated deficit of $8.633 billion forecast for 2020-21. The deficit position is expected to improve substantially over the forward estimates period as the economy recovers and support measures are no longer required.

Queensland has also remained committed to a substantial infrastructure investment program, committing a total four-year capital program of $56.031 billion in the 2020-21 Budget. The government's Economic Recovery Plan to restore prosperity includes maintaining a significant infrastructure program as a major driver of economic growth and job creation and to give industry confidence to invest and generate jobs.

Responding to COVID-19 has led to increased borrowings, driven by the General Government Sector. General Government Sector borrowing with QTC is estimated to be $53.501 billion by 30 June 2021. While this compares with the $53.148 billion projection outlined in C19-FER, it is a significant increase on the pre-crisis forecast of $34.772 billion outlined in the 2019-20 MYFER.

Non-financial Public Sector borrowing with QTC is estimated to be $93.467 billion by 30 June 2021. This is comparable to the $93.125 billion projection outlined in the C19-FER, but materially higher than the pre-crisis forecast of $75.055 billion, as outlined in the 2019-20 MYFER.

The increased borrowings are unavoidable without austerity measures. The government has put the health of Queenslanders and the economic recovery first. While borrowings are rising, serviceability of borrowings remains strong.

The COVID-19 pandemic has resulted in some of Queensland's fiscal principles not being met and appropriate revisions will be considered ahead of the 2021-22 Budget. The government recognises the importance of economic recovery while ensuring spending continues to be well-targeted to drive competitiveness and productivity. While economic recovery is the key priority in the near term, a disciplined approach will position the state well for fiscal recovery.

To assist with the funding of the Queensland's COVID-19 economic recovery, the government is implementing a Savings and Debt Plan within government services to deliver savings of $3 billion over four years to 2023-24. The government has achieved 47%, or $352.2 million, of its savings target for 2020-21 through a range of measures. Savings will continue to be achieved by focussing on core tasks with government resources directed to where they are needed most.

Overview Table 2 Key Fiscal Aggregates[1]

	2018-19 Outcome $ million	2019-20 MYFER $ million	2019-20 Actual $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
General Government Sector							
Revenue	59,828	59,914	57,764	56,249	60,504	63,394	66,326
Expenses	58,843	59,763	63,498	64,881	64,806	65,874	67,715
Net operating balance	**985**	**151**	**(5,734)**	**(8,633)**	**(4,303)**	**(2,480)**	**(1,389)**
PNFA[2]	5,764	7,223	6,291	7,572	8,136	8,078	7,762
Fiscal balance	(2,207)	(4,068)	(9,158)	(13,440)	(9,085)	(6,647)	(4,370)
Borrowings with QTC	29,468	31,774	37,570	53,501	64,525	73,924	80,653
Leases and similar arrangements[3]	2,612	6,071	6,499	7,565	7,408	7,484	7,768
Securities and derivatives	121	121	198	198	198	198	198
Net debt	(198)	7,030	14,046	25,499	35,511	44,228	50,782
Non-financial Public Sector							
Borrowings with QTC	67,576	70,832	76,464	93,467	104,626	114,217	121,039
Leases and similar arrangements[3]	2,612	6,481	6,991	8,033	7,843	7,884	8,135
Securities and derivatives	720	544	1,505	720	618	567	549
Net debt	34,196	44,123	50,592	63,467	73,770	82,624	88,906

Notes:

1. Numbers may not add due to rounding. Bracketed numbers represent negative amounts.
2. PNFA: Purchases of non-financial assets.
3. Reflects the 'Leases and similar arrangements' and 'Securities and derivatives' line items in the balance sheet.

1 Economic recovery – enhancing productivity and competitiveness

Features

- Reflecting Queensland's success in controlling the spread of coronavirus (COVID-19), the state's economic recovery is clearly underway and gathering momentum, with employment in Queensland having rebounded in October 2020 to pre-COVID-19 levels.
- The Queensland Government's swift and effective policy response, through a range of targeted support and stimulus measures, was appropriately focused on protecting the health of Queenslanders, supporting businesses and communities during the crisis, positioning businesses to recover and getting Queenslanders back into jobs.
- Built around *Unite and Recover: Queensland's Economic Recovery Plan*, the Queensland Government, working together with industry and the community, has identified nine key areas of focus that will help drive the ongoing recovery: Safeguarding our health; Supporting jobs; Backing small business; Making it for Queensland; Building Queensland; Growing our regions; Investing in skills; Back our frontline services; and Protect the environment.
- The Queensland Budget 2020-21 outlines the substantial commitments the government has made to support and drive the state's economic recovery, including in these key areas.
- However, as highlighted in the Economic Recovery Plan, Queensland's economic recovery from COVID-19 is a long-term challenge that requires a long-term response. In addition to maintaining the current momentum, the policy focus will continue to pivot to an emphasis on driving sustainable economic growth and job creation over the longer term.
- A pro-growth and pro-business policy focus, underpinned by driving ongoing improvements in the competitiveness and productivity of the state's key industries, will be critical to drive sustainable economic growth and restore Queensland's prosperity.
- The private sector supports around 84% of total employment in Queensland. Therefore, continuing to create an environment that supports business competitiveness and productivity is paramount to creating jobs, improving incomes, reducing the unemployment rate and improving the living standards of all Queenslanders.
- To achieve this aim, the government's economic strategy to boost growth and create jobs will include an increased focus on: building the state's productive capacity through investments in infrastructure, skills and fostering innovation; leveraging Queensland's natural and competitive advantages; maintaining an efficient and responsive public sector that continues to deliver essential services to all Queenslanders; reducing costs for business to enhance their competitiveness; and driving regulatory reform to support growth.

1.1 Queensland's Economic Recovery Plan

The Queensland Government's objectives for the community are built around the Economic Recovery Plan. These nine objectives are:

- **Safeguarding our health*:*** Safeguarding our health and jobs by keeping Queensland pandemic ready.
- **Supporting jobs*:*** Support increased jobs in more industries to diversify our economy and grow our existing strengths in agriculture, resources and tourism.
- **Backing small business*:*** Helping small business, the backbone of our economy, thrive in a changing environment.
- **Making it for Queensland*:*** Growing manufacturing across traditional and new industries, making new products in new ways and creating new jobs.
- **Building Queensland*:*** Driving investment in the infrastructure that supports our recovery, resilience and future prosperity.
- **Growing our regions*:*** Helping Queensland's regions grow by attracting people, talent and investment, and driving sustainable economic prosperity.
- **Investing in skills*:*** Ensuring Queenslanders have the skills they need to find meaningful jobs and set up pathways for the future.
- **Back our frontline services*:*** Deliver world class frontline services in key areas such as health, education and community safety.
- **Protect the environment**: Protect and enhance our natural environment and heritage for future generations and achieve a 50% renewable energy target by 2030.

The Queensland Government's Economic Recovery Plan highlighted initiatives totalling more than $7 billion to support jobs, businesses and economic opportunities in Queensland.

Building on this support, the government has committed to a significant package of election commitments totalling $4.3 billion over four years. These measures provide essential support for service delivery as well as continued resources for COVID-19 support and recovery.

First and foremost, key budget initiatives will continue to protect and safeguard the health of all Queenslanders, no matter where they live.

Further, a range of key initiatives outlined in the budget will support ongoing recovery of the state's businesses, in particular our vital small businesses, so they have the confidence to invest, grow and employ. These initiatives will drive growth and jobs across all key sectors of the economy, including driving growth in manufacturing and the state's other critical export-oriented industries that directly support one in four jobs across the state.

The success of Queensland's health response to protect Queenslanders has highlighted that the state's long-term economic success will also depend on our ability to protect the health and wellbeing of Queenslanders, including their mental health. In line with this commitment, the budget allocates total health funding of $21.8 billion in 2020-21, including more than $1.6 billion for essential health infrastructure projects across the state.

The government's key measures to build the productive capacity of the Queensland economy and leverage the state's natural and competitive advantages, through broad and targeted measures that support industry, business and protect the environment, are providing employment opportunities for hundreds of thousands of Queenslanders now and will also support future jobs.

The 2020-21 Budget outlines a substantial capital program of $56.031 billion over four years throughout Queensland, which is estimated to directly support 46,000 jobs in 2020-21.

Growing the manufacturing base capabilities across both traditional and new industries will support economic diversity and resilience, as well as create new jobs.

The suite of programs included in the budget to support and drive this innovation and growth in manufacturing include the establishment of an Immersive Technology Hub, delivering programs to connect research and technology companies, an agreement with Vaxxas to manufacture needle-free vaccine technology, continuation of support to Rheinmetall Defence Australia's $170 million facility at Redbank, and an almost $1 billion investment pipeline to build trains in Queensland.

The state's regional economies and communities will play a key role in driving the state's recovery from COVID-19, building the state's resilience in the face of an ever-changing global landscape, and supporting ongoing growth in secure, highly-skilled and well-paid jobs. The government is investing in a wide range of programs and initiatives to support the state's regions, including: $200 million additional funding for the Works for Queensland program; $15 million for a regional tourism organisation fund, and funding for a range of major regional infrastructure projects (e.g. the Cairns Marine Precinct, the Wellcamp entertainment precinct near Toowoomba, Bundaberg flood levee, and the Rookwood Weir).

In addition, the government continues to invest in regions through the Building our Regions program, with approvals to date of $348.3 million towards infrastructure and planning projects across regional Queensland. This has leveraged financial co-contributions of almost $538.3 million from local governments, the Australian Government and others, to create a total value of capital expenditure of $886.6 million. Small businesses across the state have also been among the hardest hit by the economic impacts of the COVID-19 pandemic. In response to the crisis, the government has implemented a number of programs and initiatives designed to support small businesses and their employees.

These include the $1 billion concessional job support loan initiative, significant state government tax relief, up to $196 million in Small Business Adaption Grants, and $100 million in electricity bill relief. The budget also includes a new $500 million Backing Queensland Business Investment Fund to target investments in businesses based in Queensland and create Queensland-based jobs.

Ongoing and targeted skills development is necessary to enable individuals to capitalise on both current and future employment opportunities, supporting them to achieve higher incomes, gain meaningful employment and improve their overall quality of life. The 2020-21 Budget continues the government's investment to ensure the state has a highly skilled and adaptable workforce, including significant investments in schools through programs such as the Building Future Schools Fund and Great Schools, Great Future commitment, as well as in training, such as the Free TAFE and Free apprenticeships initiatives.

The government continues to focus on frontline service delivery, ensuring Queenslanders, no matter where they live, can receive the support they need at the time they need it.

This budget continues that focus, with investments for more nurses, doctors and other health professionals, teachers, community service staff, firefighters, paramedics and police personnel.

1.2 Transitioning from support and stimulus to productivity and private sector growth

In response to the unprecedented COVID-19 crisis, the Queensland Government's immediate policy focus was rightly on protecting the health of Queenslanders, supporting Queensland businesses, keeping Queensland workers connected with their employers and getting Queenslanders back into jobs through well-targeted support and stimulus measures.

This policy focus was consistent with the global consensus that governments needed to provide substantial fiscal stimulus and policy support to help counteract the direct and indirect impacts of the pandemic.

Reflecting Queensland's success in controlling the spread of COVID-19, and the resulting substantial relaxation of emergency health restrictions, there are clear signs that Queensland's economic recovery is underway and gathering momentum.

As outlined in Chapter 2, some key indicators of domestic economic activity are showing a return to pre-COVID-19 levels of activity while, most importantly, employment and hours worked have both rebounded in October 2020 to be higher than that recorded prior to the onset of the crisis. Indeed, Queensland is the only state to record levels of employment and hours worked in October 2020 that were higher than those recorded pre-COVID-19 in March 2020.

However, despite the economic recovery now underway in Queensland, the COVID-19 pandemic will have a significant and lasting impact on the state's industries, regions and communities.

Therefore, as highlighted in the Economic Recovery Plan, the government's policy focus will continue to pivot to a focus on improving the competitiveness and productivity of Queensland's key industries, in order to drive private sector growth and investment.

As highlighted in Box 1.1, this enhanced focus on bolstering the fundamentals that underpin the longer-term health of the economy is necessary to create strong, sustainable economic growth that generates increased employment opportunities for all Queenslanders, including our disadvantaged cohorts such as our youth.

The long-term economic prosperity of Queensland fundamentally depends on the state's ability to be a competitive exporter of goods and services to domestic and global markets.

As such, it will be critical to ensure the government's regulatory, taxation, industry and regional development policy settings are appropriate to position Queensland as a competitive and attractive location for businesses to establish, invest and employ. Continuing to create a business-friendly environment and facilitating productivity-enhancing investment will improve the capability and flexibility of businesses, workers and households to adapt, innovate and respond to market changes and future external shocks, including climate change.

The private sector currently supports around 84% of total employment in Queensland, with one in four jobs directly dependent on overseas and interstate trade. This highlights the need to create an environment that supports and facilitates business growth in order to create jobs and reduce the unemployment rate over time.

Strong private sector growth will also be critical to reduce the need for ongoing fiscal support and to drive a return to the sustainable government revenues needed to restore the state's fiscal position. This will ensure the state has the capacity to respond to new challenges, and maintain the provision of world-class essential services to all Queenslanders.

The government's pro-growth and pro-business economic strategy will include continued substantial investment in infrastructure, skills and innovation to build the productive capacity of the state's industries and workforce, while leveraging off Queensland's natural and competitive advantages to drive growth across all our regions.

Therefore, in pursuing all nine of the government's objectives for the community, driving longer term economic growth and prosperity will be underpinned by an enhanced focus on:

- Building Queensland's productive capacity, including through appropriate investment in productivity-enhancing infrastructure, skills and training, and fostering innovation.
- Leveraging the state's natural and competitive advantages, including in our regions
- Maintaining a responsive public sector to provide timely and efficient services to all Queenslanders.
- Reducing costs for businesses to increase their competitiveness.
- Regulatory reform to support growth.

Leveraging the substantial support and stimulus measures already announced to support the state's economic recovery, the government's focus on improving productivity and competitiveness will create more well-paid secure jobs, increase incomes, reduce the unemployment rate and improve prosperity and living standards for all Queenslanders.

Box 1.1 Why improving productivity and competitiveness is important

Increasing productivity means Queenslanders can produce more and earn more for the same amount of work, thereby increasing incomes and living standards.

In 1901, the average Australian weekly wage was approximately $340 (in 2019 dollars) for working an average of almost 50 hours a week. In November 2019, it was approximately $1,660 for working on average just under 32 hours a week, and with substantial improvements in working conditions over that time. This means the average income of a worker in 2019 was almost five times higher than it was in 1901, despite working fewer hours.

There is a strong evidence base and international consensus that sustained improvements in productivity and competitiveness are necessary in the long run for continuous increases in employment, business investment, household real incomes and overall standards of living.

Building and maintaining momentum in private sector growth is especially important in the context of the continued recovery from COVID-19.

Increasing the productivity and competitiveness of key industries is particularly important in the Queensland context, given the state strongly relies on domestic and international trade to increase economic opportunities and create prosperity. In 2018-19, overseas exports accounted for 28% of Queensland's Gross State Product (GSP), while nearly one in four jobs across the state are directly dependent on interstate and international trade.

Increasing annual average productivity growth by only 0.1 percentage points over the remainder of this decade would add around $4.9 billion to GSP in 2030, equating to around $1,400 in additional income per Queensland household.

Key factors for lifting productivity include delivery and better use of infrastructure, enhanced supply chain linkages, innovation, improved agglomeration benefits through investment precincts, an agile and responsive business and regulatory environment, and a more skilled workforce, supported through investment in education, skills and training.

1.3 Building our productive capacity

Building the productive capacity of the economy, by investing in enabling infrastructure, skills and innovation, is critical to support economic growth and promote greater workforce participation.

1.3.1 Productive infrastructure

The government's ongoing commitment to delivering and facilitating productivity-enhancing and catalytic infrastructure will improve productivity and connectivity across the economy.

Infrastructure connects individuals and households to employment opportunities and enables all Queenslanders to access essential services, such as health care and education.

Infrastructure improves business connectivity, productivity, and competitiveness; and connects supply chains to more efficiently move goods and services across industries, regions, the rest-of-Australia, and overseas. As such, it increases the broader longer-term productive capacity of the Queensland economy, which leads to the creation of more high-value long term jobs across industries and regions.

Further, the COVID-19 pandemic is likely to create opportunities for Queensland to enhance its position and reputation as a safe lifestyle destination for tourists, businesses and for potential migrants. The provision of essential and strategic infrastructure, including supporting greater access to reliable and affordable digital services, will boost the state's competitiveness in attracting investment, businesses and highly skilled workers.

As part of Queensland's Economic Recovery Plan, the government committed to maintaining the current state infrastructure investment program at $51.8 billion over the four-year period from 2019-20 to 2022-23.

In line with this commitment, the 2020-21 Budget includes a substantial capital works program totalling $56.031 billion over the four years to 2023-24.

Key capital works projects outlined in the budget include both a series of new fast-tracked infrastructure projects as well as the continuation of major existing projects, including the flagship Cross River Rail, M1 and Bruce highway upgrades, Gold Coast Light Rail Stage 3A, and the North Coast Line between Beerburrum and Nambour. Details on these projects and other infrastructure priorities are provided in the Capital Statement (Budget Paper 3).

The government's capital works program is important in directly supporting construction-related jobs in the short to medium term, with the capital works program estimated to directly support 46,000 jobs in 2020-21.

However, more importantly, this substantial investment in infrastructure will continue to support Queensland's economic recovery, resilience and future prosperity. As such, the government will continue to prioritise projects that align with the government's economic recovery priorities and are supported by strong business cases that deliver sustained economic and service delivery benefits beyond simply boosting short-term demand or providing immediate economic stimulus.

1.3.2 Investing in skills and training

The government's Economic Recovery Plan recognises the importance of equipping Queenslanders with the skills needed in our future economy. The plan focuses on building workforce resilience and adaptability through facilitating upskilling and lifelong learning to support job opportunities for Queenslanders.

Continued and targeted skills development is necessary to enable individuals to capitalise on both current and future employment opportunities, supporting them to achieve higher incomes, gain meaningful employment and improve their overall quality of life.

Making better use of existing skills could offer significant benefits. Around 25% of Australian workers experience skills mismatch (i.e. they are not able to make full use of their education and training in their current employment), and it has been claimed that productivity could be increased by 6% if this mismatch could be reduced to an Organisation for Economic Co-operation and Development (OECD) best-practice level.[1]

Further, higher workforce participation is essential to support sustainable business growth and attract investment, as well as reduce the need for fiscal support, thereby reducing the need to raise additional government revenues and enabling a more competitive taxation regime to be maintained. This in turn will help enhance productivity and competitiveness across the economy.

As Queensland recovers from the COVID-19-induced national recession, creating job opportunities for, and improving the participation of, disadvantaged cohorts including youth, Aboriginal and Torres Strait Islanders, and women will be more important than ever.

Studies show that difficulties faced by jobseekers in entering or re-entering the labour market when economic conditions are challenging can have a long-lasting negative effect on individuals' earning ability, longer term job security and employment outcomes.[2]

1 OECD, 2015, *Labour market mismatch and labour productivity*
2 For an international summary of this phenomenon see the OECD, 2016, *Society at a Glance*. Australian experiences are reviewed in Borland, 2020, *Labour market snapshot #58.*

Through the government's flagship Skilling Queenslanders for Work program, the government will continue to focus on investing in the skills needed to support private sector growth.

In the 2020-21 Budget, this commitment is complemented by a $200 million investment in the future skills requirements of Queenslanders, including: funding for TAFE facilities; priority skills, pre-apprenticeships; capacity building in manufacturing, digital workforces, and social enterprise; and targeted support for disadvantaged cohorts.

Funding of $21 million has also been committed to expand the Free TAFE and Free apprenticeships initiative to Queenslanders aged under 25 across priority qualifications.

Meanwhile, the Queensland Government will also continue partnering with the Australian Government to deliver the JobTrainer Fund to prioritise no or low fee training places for jobseekers, school leavers and young people to support them into jobs as part of the economic recovery from COVID-19.

To support future workforce capabilities and help improve workforce participation, the government continues to make significant investments in education, including through initiatives such as the $1.7 billion Building Future Schools Fund, the Great Schools, Great Future commitment, and the Cooler Cleaner Schools Program.

1.3.3 Fostering innovation

There is universal agreement that innovation directly leads to lasting improvements in productivity and competitiveness. Importantly, research and evidence clearly show that the effective diffusion of innovative ideas and approaches, and successful adoption of innovation, is the key to fostering further innovation across the economy. The Review of the National Innovation System notes that 98% of new technologies are currently sourced from outside Australia.[3]

In the post COVID-19 era, governments and firms are likely to have a renewed focus on opportunities for re-shoring, i.e. attracting and re-establishing business and activities that had located outside of Queensland and Australia.

The Advance Queensland program includes a range of programs targeting the creation of innovation, including a strong focus on start-ups. Through these initiatives, the government will continue to support the fostering, adoption and enhanced utilisation of innovation, including in relation to Queensland's trade-exposed industries where innovation is a key factor in maintaining or enhancing their international competitiveness.

[3] Cutler, 2008, Review of the National Innovation System

1.4 Leveraging our natural and competitive advantages

Leveraging the state's natural and competitive advantages, including across the state's regional economies, is critical to unlock private sector investment, ensure long term sustainable economic growth and create jobs in traditional, emerging and new industries.

1.4.1 Promoting regional growth and prosperity

The importance of Queensland's regional economies is highlighted by the fact that approximately half of Queensland's 5.2 million people reside outside the greater Brisbane area. In comparison, only about 34% and 23% of New South Wales' and Victoria's populations, respectively, live outside the greater Sydney and Melbourne areas.

While Queensland's regions support different and diverse economies, each with their own unique industry structure, a number of regions are interconnected through critical supply chains and interdependencies which create strategic economic zones across regions.

Queensland's regional economic foundations are built on strong natural and competitive advantages, such as the rich resources which support mining and heavy manufacturing in the North West region, including essential industry and workforce linkages with Townsville and Cairns.

The importance of leveraging our natural and comparative advantages is highlighted by the significance of agricultural production, coal mining and LNG production in the Central Queensland and Darling Downs-Maranoa regions, while the natural beauty of Queensland's forests, beaches, reefs, and landscapes enable tourism to have a strong foothold in Cairns, the Whitsundays, and across the Queensland Outback.

Many of Queensland's regions are heavily dependent on trade to drive their prosperity, with around 80% of the state's merchandise exports being produced in regional Queensland. Further, more than half of the state's tourism businesses are located in regional areas and, in some regions like the Whitsundays, tourism directly accounts for one in five jobs.

Despite the disruptions of COVID-19 to the global economy and traditional supply chains, there has been an increasing demand over time for Queensland's valuable resources; our clean, green food and agricultural products; and the skills and services provided by Queensland businesses.

As such, continuing to support these strong, traditional industries and identifying further opportunities to leverage these natural advantages, including through productivity-enhancing public and private sector investment, will be crucial to further enhance the regions' productive capacity and competitiveness over the longer term. In 2020-21, around 58% of the $14.8 billion capital works program will be delivered outside of the Greater Brisbane area, which will directly support 28,700 jobs.

1.4.2 Enhancing existing and attracting new manufacturing capacity

Queensland's manufacturers collectively contribute more than $22 billion to the Queensland economy and employ around 165,000 persons. Growing the manufacturing sector in both traditional and new industries will not only support economic diversity and resilience but also create new jobs.

The Economic Recovery Plan clearly identifies growing manufacturing across traditional and new industries as a priority area of focus, with the government committed to supporting the sector in making new products in new ways and creating new jobs.

The Economic Recovery Plan aims to foster growth precincts across the state by bringing manufacturers, skilled workers and supply chains together to power regional development. A key element of the Plan involves the government working together with industry to adopt innovative manufacturing techniques to enhance global competitiveness.

Enhancing Queensland's manufacturing base will play a key role in the state's economic recovery from the impacts of COVID-19. As outlined in Box 1.2 (see section 1.6), the government's commitment to deliver affordable and reliable energy is one of the key elements of its plan to drive competitiveness and growth in Queensland's manufacturing sector.

As another example of the government's commitment to supporting the growth of manufacturing in Queensland, in October this year the Queensland Government announced a partnership with Boeing Australia that, pending orders, will deliver Queensland a state-of-the-art advanced manufacturing facility to produce Boeing's newest unmanned aircraft, known as Loyal Wingman, for global customers.

This will be the first military aircraft to be designed, engineered and manufactured in Australia in over 50 years. It is Boeing's largest investment in an unmanned aircraft program outside of the United States.

Further, as part of this budget, the Queensland Government will continue to provide targeted support to Queensland's manufacturing industry, including a strong focus on attracting new businesses to the state. Such initiatives are particularly valuable where through building industry capability and supply chain linkages, they deliver broader benefits to industry and the economy beyond the individual firm.

Among the suite of programs included in the budget are the establishment of an immersive technology hub, building train manufacturing capability, further investments in the hydrogen industry, and other initiatives that align closely with the Queensland Government's Biomedical and Defence industry Roadmaps.

1.5 Responsive public sector

The far-reaching social and economic impacts arising from the COVID-19 pandemic led to an immediate and targeted response from the government, to ensure the provision and delivery of essential services to Queenslanders, in particular health services, during this highly challenging period was not only maintained but also enhanced and expanded.

Specifically, this response involved the government enacting targeted measures that provided greater flexibility and support to communities, businesses and individuals to help mitigate the adverse impacts associated with the pandemic, particularly in terms of supporting positive health outcomes and ongoing economic recovery efforts.

The government responded quickly to the COVID-19 pandemic, committing $1.2 billion to support the health response by expanding fever clinics, emergency department capacity, acute care services, and regional and remote services, as well as building strong contact tracing and testing capability and mobilising additional resources to support the health effort.

The government also worked with local manufacturers to address gaps in the supply chain, encouraging Queensland firms able to support the emergency health response and pivot to produce essential personal protective equipment.

As part of the government's ongoing commitment to support the delivery of world-class health services across the state, the budget includes $20.2 billion for health services expenditure in 2020-21, including delivering expanded access to specialist outpatient services. Meanwhile, more than $1.6 billion has been allocated for health-related infrastructure projects throughout the state in 2020-21.

While safeguarding the health of all Queenslanders remains the key priority, the government also continues to focus on frontline service delivery more broadly, ensuring Queenslanders, no matter where they live, can receive the support they need at the time they need it.

This budget continues that focus with significant spending on key frontline services, including funding for more nurses, doctors and other health professionals, teachers, community service staff, firefighters, paramedics and police personnel.

As the government's service delivery priorities shift from a focus on responding to COVID-19 to longer term service provision to support economic recovery and growth, agencies will continue to identify opportunities to improve the effectiveness and efficiency of government service delivery.

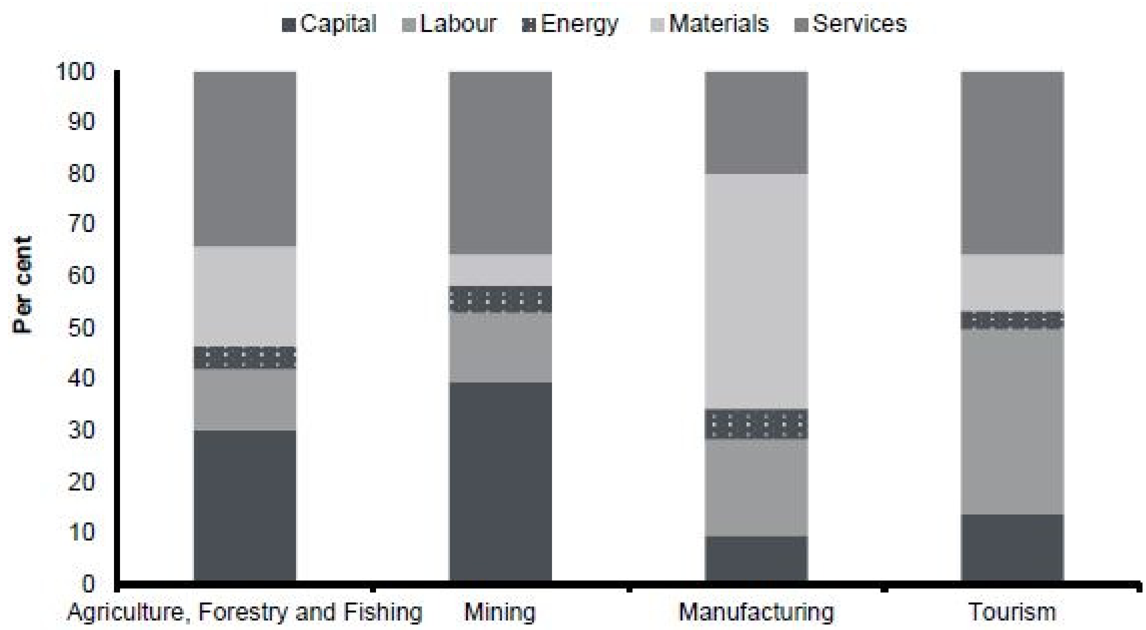
To this effect, the Queensland Government will continue to ensure realisation of better value and outcomes from existing government spending, which includes continued monitoring of procurement policies to ensure these are responsive, support Queensland businesses and local jobs, and ensure that services can be delivered in a way that improves quality and overall social and economic welfare outcomes.

1.6 Reducing costs for businesses to increase their competitiveness

The cost structure of businesses varies substantially within and across industries. However, all businesses use some mix of capital, labour, energy, materials and services to produce output and supply this output to market (see Chart 1.1). There are a diverse range of domestic and international factors which influence the prices of these inputs, with many of these being market driven.

A key input cost for many businesses is the need for reliable and affordable energy, a critical component of overall business costs across many of Queensland's key industries. In particular, affordable energy is crucial to support growth in Queensland's manufacturing industry and enable the value adding activities associated with leveraging the state's natural economic strengths, including in mining and agriculture (see Box 1.2).

Chart 1.1 Cost structure for key Queensland industries[1]



Note:

1. Shares of economic input costs as defined under the KLEMS approach: Capital (K), Labour (L), Energy (E), Materials (M) and Services (S).

Source: ABS Experimental Estimates of Industry Level KLEMS Multifactor Productivity and Queensland Treasury

The government is providing targeted support to businesses and industry to reduce the costs of doing businesses. In this budget, more than $81 million has been allocated over three years to reduce the costs of irrigated water charges for the state's farmers and fruit and vegetable growing businesses.

Further, the government is committing a new $500 million Backing Queensland Business Investment Fund to support targeted investment in Queensland businesses and help create local jobs.

Box 1.2 Affordable energy can improve competitiveness and productivity, and deliver jobs

Energy costs, including electricity, gas and fuels, account for around 3% of total costs to industry.

However, energy costs can be much more significant for key industries exposed to global prices and for specific energy-intensive facilities, such as metal refining. Further, energy-intensive industries often operate in competitive global markets, meaning they are limited in the extent to which they can pass through higher energy costs.

While energy costs may appear relatively small as a direct proportion of total business costs in some cases, it is important to note the additional indirect impact on business costs through the cost of energy used in producing other inputs.

Energy costs are also important from a regional perspective, given energy-intensive industries such as mining, metals processing, and tourism (which is a significant user of fuel for transport) are generally significant contributors to overall economic activity in Queensland regions. Treasury modelling shows that over the long run, a 10% reduction in electricity prices, and the resulting productivity gains, could lead to incremental annual growth of $1.1 billion in GSP, up to 1,500 new jobs and $730 million in additional exports.

The Queensland Government recognises the importance of reliable and affordable energy costs to boost businesses' and industries' competitiveness. Key reforms undertaken by the government are putting a downward pressure on wholesale electricity prices.

In 2016-17, with wholesale prices at elevated levels across Australia, the Queensland Government undertook a range of reforms to put downward pressure on electricity prices for households and businesses.

The government's *Powering Queensland Plan* established CleanCo as the state's new renewable energy generator to increase competition in the wholesale electricity market and place downward pressure on wholesale electricity prices. As part of the plan, the government also returned the Swanbank E gas-fired power station to service which increased generation supply at peak times, introduced a 50% renewable energy target by 2030, and announced a 400 megawatt (MW) renewable energy reverse auction.

These actions improved wholesale pricing competition, supported the renewable energy sector, and increased generation supply across Queensland. Approximately 2,500MW of large-scale renewable projects have since been built, and a further 2,100MW is under construction or financially committed.

This additional supply and improved competition have contributed to Queensland having the lowest wholesale price of all mainland states in the National Electricity Market over the past three years. According to the Australian Energy Regulator, Queensland's average quarterly price for Q3 2020 was $34 per megawatt hour (MWh), compared with $82/MWh for the corresponding period in 2017.

The newly announced Renewable Energy Fund will build on this success by offering $500 million to GOCs to invest in commercial renewable energy projects and supporting infrastructure, including in partnership with the private sector. This will leverage government funding and GOC capabilities to bring forward capital investment and jobs and increase electricity supply from renewable projects. The Fund complements the government's $145 million investment to unlock three Renewable Energy Zones to support new solar and wind investment across the state.

1.6.1 Supporting small business

Small business is a critical driver of economic activity, growth and employment in Queensland, with small businesses representing over 97% of all businesses across the state and employing around 42% of private sector workers in Queensland.

Significantly, small businesses across the state have also been among the hardest hit by the economic impacts of the COVID-19 pandemic, given several of the most severely impacted sectors of the economy, including tourism-related businesses and many non-essential services, tend to be in industries dominated by small businesses.

Importantly, to support the longer-term recovery and growth of small businesses, the government is supporting small business access to government procurement and also leading the way in terms of on-time payments to small businesses to improve payment practices and timeframes.

To further assist small business recovery, the 2020-21 Budget includes additional funding to permanently appoint a Small Business Commissioner and establish the Office of the Small Business Commissioner, as a dedicated specialist role to work with small businesses and advocate for them across the state.

1.7 Regulatory reform to support growth

The challenges faced by governments at all levels in responding to COVID-19 highlighted the need to ensure regulation is well-targeted, flexible, proportionate and designed in a way to minimise the regulatory burden on businesses and the community.

Just as importantly, given the need for many businesses to adjust in response to the crisis, it has highlighted the importance of a regulatory environment that does not impose unnecessary costs for businesses, or hinder or reduce business' capacity to respond to challenges and opportunities.

In response to COVID-19, the Queensland Government implemented a broad range of regulatory reforms to support businesses during the crisis period. Several of those reforms have subsequently been implemented as more permanent measures and further consideration is currently being given to the merits of other reforms being extended or made permanent.

The government is now committed to maintaining that momentum of driving regulatory reforms to support the state's economic recovery and sustainable economic outcomes.

In addition to reducing red tape, a strong focus on improving and simplifying Queensland's regulation where appropriate will aim to deliver a streamlined and responsive regulatory framework that:

- supports existing Queensland businesses to be more innovative, resilient and competitive
- attracts new business, skills and investment - bringing new opportunities and jobs
- minimises cost to government and frees up resources to invest more in frontline services.

As such, the Queensland Government's ongoing regulatory reform efforts will focus on ensuring that Queensland's regulations are necessary, effective and efficient – freeing up state resources to deliver essential services.

Box 1.3 Driving ongoing regulatory reform

Reforms implemented or being implemented

The government implemented a number of regulatory reforms in response to the COVID-19 pandemic in order to reduce costs for business and allow for greater flexibility in the context of the emergency health restrictions. Examples included simplifying planning frameworks and allowing for the use of electronic methods of completing and executing various legal documents.

As part of ongoing efforts to drive economic recovery and growth, the government is assessing the merit and feasibility of continuing some of these reforms on an ongoing basis, as well as identifying new regulatory reforms that it will be able to implement unilaterally to reduce costs for businesses. Key areas in which options for ongoing reform are being investigated include planning, pharmacy and telehealth, signature and witnessing requirements for legal documents, and regulations related to tenancies.

Queensland is also participating proactively and collaboratively with other states and territories and the Australian Government through National Cabinet, the Council on Federal Financial Relations and other intergovernmental forums to investigate and implement national regulatory reforms focused on lowering the costs and burden of regulation, and making it easier for businesses to recover, invest and create jobs.

The government also appointed a dedicated Small Business Commissioner to work with small business, providing necessary support and advice needed by small business owners. As part of its recent election commitments, the government will establish an ongoing role for a Small Business Commissioner to advocate for small business owners across the state and help empower them to drive economic growth.

In line with the government's commitment to enhanced regulatory reform, the Queensland Productivity Commission will be integrated into Queensland Treasury to establish the Office of Productivity and Red Tape Reduction (OPRTR).

The OPRTR will remain focused on detailed reviews of complex policy matters and regulatory review, but will enable a stronger focus on issues, including regulatory reform, that will assist the Queensland economy to recover from the significant impacts of COVID-19.

The Small Business Commissioner will also engage closely with the OPRTR to continue to deliver small business regulatory reforms that will support the state's ongoing economic recovery.

Some of the government's key regulatory reforms to improve the productivity and competitiveness of Queensland businesses will include:

- Leveraging the expertise of the new OPRTR within Queensland Treasury to identify impediments to business investment and to work with agencies to identify opportunities for regulatory reform and to reduce red tape for business, including small business.
- Engaging pro-actively with other jurisdictions and delivering on national and inter-jurisdictional reforms that generate the most benefit for Queensland and support economic growth and jobs.
- Ensuring the ongoing effectiveness of the state's regulatory impact assessment system to ensure it is appropriately identifying and assessing the burden of any new regulation and minimising the introduction of any unnecessary regulation.
- Exploring new regulatory approaches to minimise the growth in regulatory burden, including ensuring that any new regulation is developed appropriately to minimise the burden on business and the community.
- Ensuring all agencies adopt a customer-focused and coordinated engagement with business, including an enhanced interface and information provision to business where possible to encourage and facilitate investment, complemented by a risk-based approach to business regulation, with a focus on streamlining approval processes and frameworks.

These regulatory reform measures will help deliver a contemporary regulatory framework that will help enhance the competitiveness of Queensland businesses, including those operating or competing in national and international markets, while also supporting longer-term improvements in productivity across all sectors of the economy.

2 Economic performance and outlook

Features

- The coronavirus (COVID-19) pandemic has delivered an unprecedented shock to the global economy, leading to substantial business closures, job losses and declines in economic activity, industrial production and trade across the world. The data indicates that economic outcomes are more favourable where health outcomes are better.
- The pandemic and related restrictions on business and personal activities led to a record 5.9% fall in domestic economic activity in Queensland in the June quarter of 2020. However, this result is relatively favourable compared with the 7.4% fall in national domestic activity and declines in New South Wales (down 8.6%) and Victoria (down 8.5%).
- Importantly, Queensland's success in containing the spread of the virus means the June quarter is now expected to be the lowest point in the COVID-19 economic cycle. The substantial and ongoing relaxation of restrictions across the state, as well as the substantial income support and stimulus provided across all levels of government, facilitated a strong rebound in domestic activity in the September quarter.
- Domestic and external conditions have continued to evolve since the COVID-19 Fiscal and Economic Review (C19-FER) but currently appear to be on different trajectories. Many indicators of Queensland's domestic economy have continued to improve, but the resurgence of COVID-19 cases globally, weaker trading partner growth, and increasing trade and geopolitical tensions mean the global outlook has weakened further and remains the key risk to the state's economic outlook.
- On balance, Queensland's Gross State Product (GSP) is still forecast to return to marginal growth (up ¼%) in 2020-21, unchanged from the C19-FER forecast. However, economic growth is expected to strengthen substantially to 3½% in 2021-22, with ongoing solid growth of around 2¾% in the later years of the forward estimates.
- COVID-19 has also had a substantial impact on the Queensland labour market. Between March and May 2020, seasonally adjusted employment in Queensland fell by 205,400 persons (or 8.0%), the largest two-month decline on record.
- However, reflecting the ongoing recovery of the state's domestic economy, labour market conditions have improved substantially since May, with employment rebounding by 205,900 persons to be 500 persons above the pre-pandemic level in March 2020.
- The latest ABS *Labour Force* survey provided another very strong employment result for Queensland in October 2020 (up 25,300 persons) as well revising up the level of employment in September by 20,200 and August by 16,300 (on top of the previous month's upward revision of 37,900 for August 2020).
- Consequently, the current employment profile (as of October data) is very different from what the state was facing at the time of C19-FER (when July data showed employment still 138,200 below the pre-COVID-19 level in March). In addition to the stronger than expected

recovery in domestic activity in the September quarter, these results help explain the difference in employment forecasts since C19-FER was published in early September.

- In year-average terms, employment is now forecast to rise 1% in 2020-21 (compared with a 3% decline at C19-FER), while in quarterly, seasonally adjusted terms, employment is forecast to rise by 6¾% (around 160,000 persons) through the year to June quarter 2021.
- In quarterly terms, the seasonally adjusted unemployment rate is now expected to have peaked at 7.9% in September quarter 2020, lower than the 9% peak expected in December quarter 2020 at C19-FER.
- The year-average unemployment rate is forecast to average 7½% in 2020-21 (down from 8½% at C19-FER) and improve steadily over coming years, falling to 6½% by 2022-23.

2.1 International conditions

The COVID-19 pandemic provided a shock to the world economy that was unprecedented in its severity over such a short period of time. The global response, which included the introduction of social distancing measures and business shutdowns, led to substantial job losses and declines in economic activity in numerous countries.

Central banks around the world responded by cutting interest rates to near or below zero, and governments globally have provided significant fiscal support to ease the impact on households and businesses. Nevertheless, the International Monetary Fund's (IMF) latest economic growth forecasts show that the global economy is expected to contract 4.4% in 2020, compared with a fall of only 0.1% in 2009 at the height of the Global Financial Crisis.

The global economy appeared to have entered a recovery phase in the September quarter. Goods consumption surged, with retail trade turnover in many economies (including Australia) recovering to be above pre-COVID-19 levels. Global trade in goods had also started to recover in line with this increased demand.

However, substantial risks remain in the global economy and the pace of recovery is uneven and uncertain, as the ongoing extent of virus outbreaks varies significantly across countries.

In China, the economic recovery is well underway after successfully containing the spread of the virus and restrictions on activity having largely been removed. Recent data indicates the Chinese economy is growing, led by significant property and infrastructure investment, while China's exports have recovered as global economic activity has picked up. The IMF forecasts that China's economy will grow by 1.9% in 2020 and 8.2% in 2021.

In contrast, the United States and various countries throughout Europe have experienced significant resurgences of the virus as they enter their winter months. Many European countries (including the United Kingdom) have responded by re-imposing full or partial lockdowns that are likely to substantially impact the timing and extent of recovery in these economies.

The economic recoveries in several of Queensland's major trading partners, including India and Japan, have slowed due to persistently elevated COVID-19 cases.

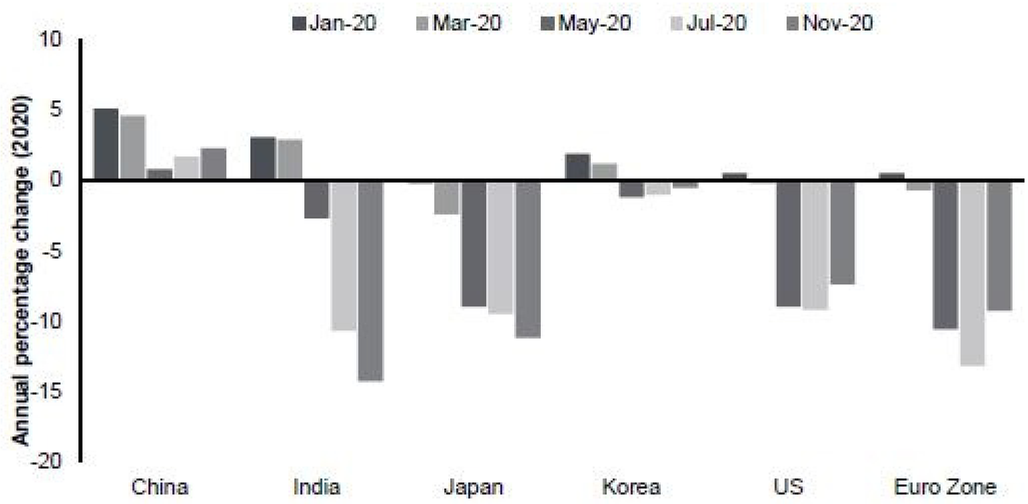
Despite the recent increase in COVID-19 cases in many countries, there has been positive news on the development of a vaccine. Recent medical trials have indicated an effective vaccine could potentially be approved in late 2020, with widespread availability of the vaccine possible in 2021. The logistics of a large scale roll out of these vaccines is unclear, both in the physical delivery benefits of the product and vaccination rates sufficient to provide health and economic benefits.

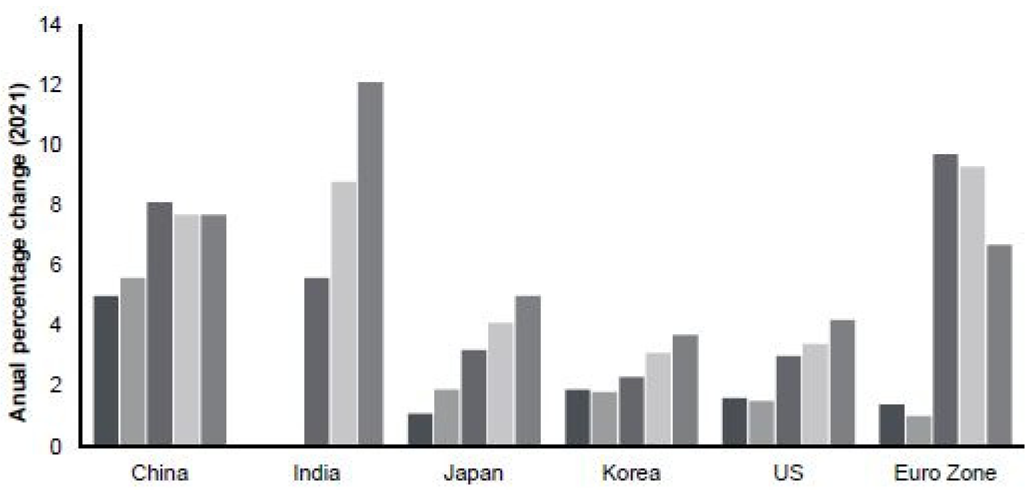
In addition to the impacts of COVID-19, geopolitical and trade tensions between various countries remain a key risk to the global economy. In particular, trade tensions between the United States and China, which were a significant hindrance to global trade flows pre-COVID-19, continue to linger despite the two countries entering a Phase 1 trade agreement in early 2020. The implications of the outcomes of the November 2020 Presidential Election in the United States on trade will become clearer over time.

Notwithstanding the recent signing of the Regional Comprehensive Economic Partnership, trade disputes also remain elsewhere around the globe, including between the United Kingdom and the European Union, and also between China and numerous other countries, including Australia.

Reflecting a combination of these factors, industrial production forecasts for Queensland’s major trading partners have been downgraded throughout 2020 (Chart 2.1), thereby lowering demand, and consequently prices, for several of Queensland’s key commodity exports.

Chart 2.1 Industrial production forecasts for Queensland's major trading partners for 2020 and 2021, by edition[1]





Note:

1. Forecasts for India were not available in the January 2020 and March 2020 editions of the consensus forecast

Source: Consensus Economics, various editions in 2020.

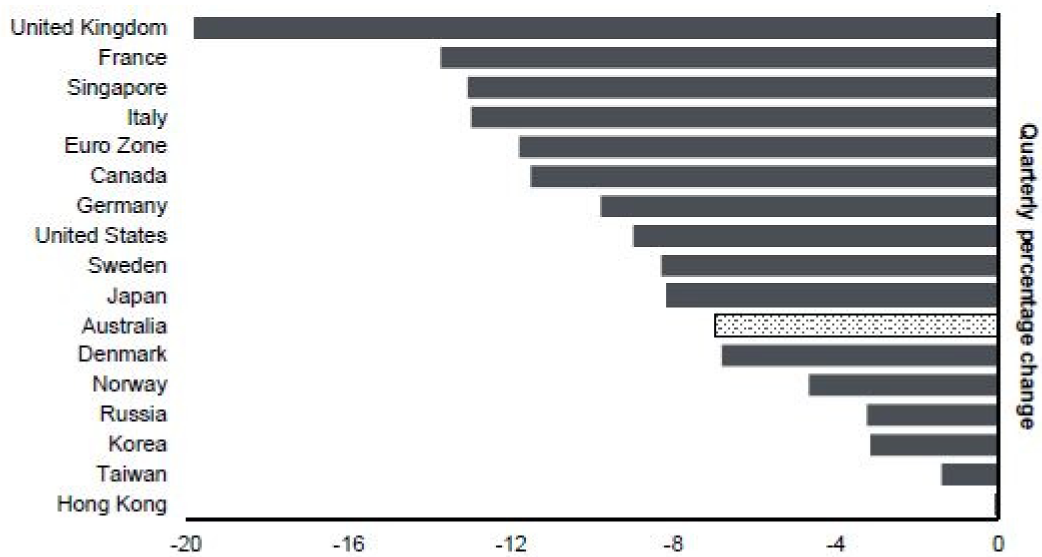
2.2 National conditions

Despite Australia's relative success in containing the spread of COVID-19, the global pandemic continues to impact substantially on the national economy. The global recession, international travel restrictions and national lockdown in April and May severely impacted economic activity.

Following a decline of 0.3% in the bushfire-affected March quarter, GDP contracted 7.0% in the June quarter, with Australia entering its first official recession in almost 30 years.

While this 7.0% quarterly decline in Australian GDP dwarfed the previous record of -2.0% in June quarter 1974, it was relatively modest when compared with many economies around the globe (Chart 2.2). Importantly, many of the countries that had relative success in containing the spread of the virus (such as Australia, Hong-Kong, Taiwan and Korea) also experienced a smaller decline in economic output than those that experienced more widespread outbreaks (such as the UK, Italy, France and the USA).

Chart 2.2 International comparison of June quarter 2020 GDP falls[1]



Note:

1. Constant prices, quarterly, seasonally adjusted.

Source: Datastream.

Subsequent reductions in the spread of COVID-19 have allowed a significant easing of restrictions across much of the country, and the national economy is expected to have returned to growth in September quarter 2020 and to continue to recover into 2021 as restrictions are further eased.

Despite second wave related lockdowns in Victoria, the improved outlook reflects a stronger than expected pick-up in activity and jobs in other jurisdictions in September quarter 2020.

Australian Treasury forecasts national GDP to contract 1½% in 2020-21 (upgraded from a fall of 2½% forecast in the Australian Government's July *Economic and Fiscal Update*), before rebounding to 4¾% growth in 2021-22. Growth is then expected to moderate to 2¾% in 2022-23 and 3% in 2023-24 (assuming the economy moves back towards its potential output level).

A recovery in employment is expected to see the national unemployment rate peak at 8% in the December quarter, before easing to 7¼% by June quarter 2021 and 6½% by June quarter 2022.

2.3 Key assumptions

Key assumptions underpinning the forecasts for the Queensland economy include:

- The ongoing low number of active COVID-19 cases means a substantial second wave of the virus in Queensland is not factored into the forecasts. The unwinding of virus restrictions is expected to enter Stage 6 by the end of 2020 and remain at that level in 2021.
- Interstate borders are not expected to fully re-open until late 2020, while international border closures are expected to remain in place for longer, until at least the latter half of 2021. This assumption on international borders is consistent with the approach taken in the Commonwealth 2020-21 Budget released in October 2020.
- An effective vaccine is not expected to be widely available until late 2021.
- The Reserve Bank of Australia (RBA) is assumed to keep the cash rate at very low levels in the near-term, before starting to gradually increase monetary policy settings towards the end of the forecast period.
- The A$ is assumed to average around $US0.72 over the forward estimates.
- Oil production cuts by global producers are expected to continue to underpin oil prices, with the Brent crude oil price expected to increase gradually from US$43/barrel (bbl) in September quarter 2020 to US$60/bbl by mid-2023, as both oil demand and supply recover.
- According to the Bureau of Meteorology, the present La Niña weather pattern is likely to continue until at least the end of summer 2020-21, with the expected improvement in seasonal conditions typically associated with above average rainfall.
- Australia's trade arrangements with China are expected to normalise in 2021-22.

2.4 Queensland conditions and outlook

The global pandemic saw falls in domestic economic activity in Queensland of 0.3% and 5.9% in the March and June quarters of 2020, respectively. Consistent with trends globally, during the height of the lockdown in the June quarter, the jurisdictions that were most successful in containing the spread of the virus generally suffered comparatively less economic impact, with Queensland's 5.9% decline in state final demand well below the national average of 7.4% and the declines in New South Wales (down 8.6%) and Victoria (down 8.5%).

Further, substantial income support and stimulus measures across all levels of government, combined with the opening up of the internal Queensland economy, has facilitated a solid recovery in domestic activity in the September quarter. As a result, the June quarter is now expected to be the lowest point in the COVID-19 economic cycle.

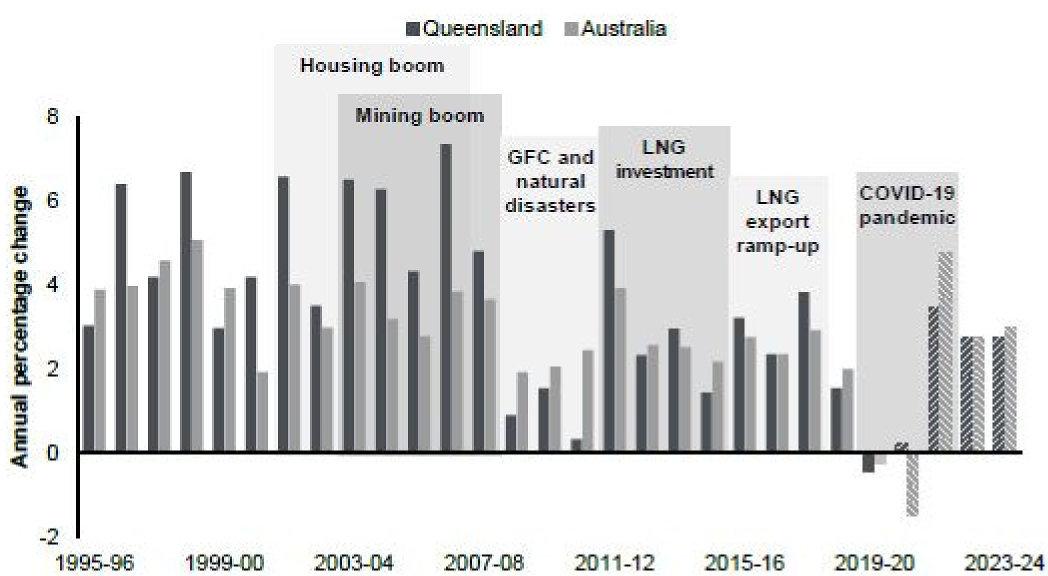
Offsetting the improvement in the domestic economy, a resurgence of virus cases globally, weaker trading partner growth and increasing trade and geopolitical tensions mean the global outlook is more uncertain and expected impacts on Queensland's trade sector have increased.

On balance, GSP is forecast to rise marginally (¼%) in 2020-21, unchanged from the C19-FER forecast. Assuming no further substantial outbreaks of the virus in Queensland, GSP growth is expected to strengthen to 3½% in 2021-22 and then projected to return to its longer-run growth potential of around 2¾% in the later years of the forward estimates.

In comparison, Australian Treasury forecasts national GDP to decline 1½% in 2020-21, before rebounding by 4¾% in 2021-22 off this lower base (Chart 2.3).

Given the economic impact of COVID-19 is likely to be concentrated in 2020, calendar year estimates provide a clearer indication of economic trends. After an unprecedented 2¾% decline in 2020, GSP should rebound to grow by 3% in 2021 and then grow a further 3¼% in 2022.

Chart 2.3 Economic growth[1], Queensland and Australia



Note:

1. Chain volume measure (CVM), 2017-18 reference year, 2020-21 and 2021-22 are forecasts while 2022-23 and 2023-24 are projections.

Sources: ABS National Accounts, Australian Treasury and Queensland Treasury.

In terms of labour market outcomes, the strong recovery in the first four months of 2020-21, substantial upgrades to historical ABS employment estimates and an improved outlook for domestic activity implies year-average employment is now expected to rise 1% in 2020-21 (compared with -3% at C19-FER).

In quarterly terms (seasonally adjusted), the unemployment rate is now expected to have peaked at 7.9% in September quarter 2020, lower than the 9% expected in December quarter 2020 at C19-FER.

The unemployment rate is now forecast to average 7½% in 2020-21 (down from 8½% at C19-FER) and then steadily improve over coming years to 6½% by 2022-23.

Table 2.1 Queensland economic forecasts/projections[1]

	Actuals		Forecasts		Projections	
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Gross state product[2]	**1.6**	**-0.4**	**¼**	**3½**	**2¾**	**2¾**
Nominal gross state product	5	-1.2	-3	6¼	4¼	5
Employment[3]	1.4	0.5	1	2¼	2	2
Unemployment rate[4]	6.1	6.4	7½	7	6½	6½
Inflation[3]	1.6	1.2	1¼	1½	1¾	2
Wage Price Index[3]	2.3	1.9	1¼	1½	2	2¼
Population[3]	1.7	1½	1	1	1¼	1½

Notes:

1. Unless otherwise stated, all figures are annual percentage changes.
2. CVM, 2017-18 reference year. 2019-20 GSP outcome is a preliminary estimate and may be revised in the September quarter 2020 *Queensland State Accounts*.
3. Annual percentage change, year-average.
4. Per cent, year-average.

Sources: ABS National, State and Territory Population, Labour Force, Wage Price Index, Consumer Price Index and Queensland Treasury.

Household consumption

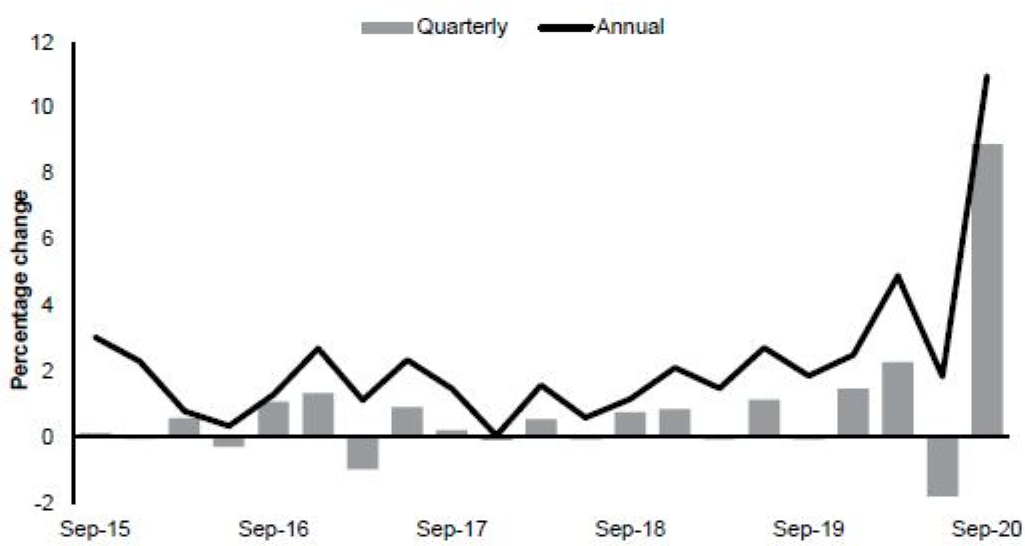
Modest real income growth and a challenging external environment weighed on consumer spending growth in Queensland prior to COVID-19. These trends persisted in the first half of 2019-20, before the pandemic drastically disrupted spending patterns and led to an aggregate 9.3% fall in household consumption across the March and June quarters of 2020.

Despite employment, hours worked and wage income all falling substantially in the June quarter, significant government assistance and income support, early access to superannuation and lower interest rates have underpinned household disposable incomes. However, with spending constrained by virus lockdowns and consumers exercising a greater degree of caution, savings have also increased dramatically, with the national household saving ratio surging from 6.0% in March quarter 2020 to 19.8% in the June quarter.

These boosts to household income, along with the gradual unwinding of virus restrictions in Queensland since May, have driven a significant rebound in household spending in the September quarter (Chart 2.4). Consumer spending patterns will likely normalise from December quarter onward, with consumption levels expected to return to March quarter 2020 levels by March quarter 2021.

However, only relatively modest ongoing growth in consumption is expected in 2021-22 and beyond, in line with the gradual recovery and ongoing challenges in labour market conditions including subdued wages growth, and with major income support measures assumed to have been progressively unwound by that time.

Chart 2.4 Real retail turnover[1], Queensland



Note:

1. Chain volume measure, quarterly, seasonally adjusted.

Source: ABS Retail Trade.

Dwelling investment

Driven by renovation activity, dwelling investment in Queensland showed some tentative signs of a recovery ahead of COVID-19, growing by 3.0% in March quarter 2020. However, the pandemic and related restrictions led to a fall of 7.0% in dwelling investment in June quarter 2020.

Activity in the dwelling sector was initially impacted by social distancing and business restrictions, but the crisis subsequently impacted more broadly by eroding confidence and demand from potential interstate and overseas buyers. However, as restrictions have been eased, there has been a material improvement across a range of indicators in the housing market.

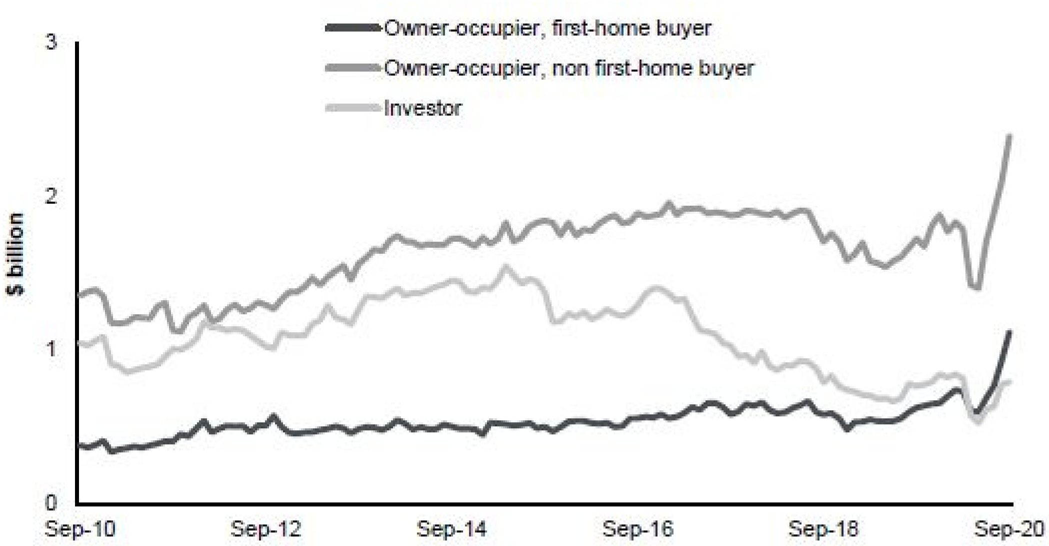
While approvals of new houses fell sharply in May and June 2020, they rebounded strongly from July onwards to be higher than their pre-pandemic level. Further, despite falling sharply in April at the height of the pandemic, finance commitments have increased strongly since May, with loan commitments for owner-occupiers rising well above their pre-pandemic level in March 2020. They are now at their highest level since the inception of the series in July 2002 (Chart 2.5).

Record low interest rates (and firm indications from the RBA that they will stay low for an extended period), along with generous government incentives for new construction, are also supporting this strong rebound in key components of dwelling investment.

Measures such as the State Government's re-affirmed commitment to the $15,000 First Home Owners Grants program and an additional $5,000 Regional Home Building Boost Grant, along with the Australian Government's First Home Loan Deposit Scheme and HomeBuilder grant, are expected to help support residential construction activity.

While these indicators point to strong potential upside risk to the outlook, the flow through impacts from these improvements in the established housing market on new dwelling construction will take some time to be realised. As a result, while the outlook for dwelling investment has improved since C19-FER, activity is still expected to fall modestly in 2020-21, before recovering by a similar amount in 2021-22.

Chart 2.5 Value of new loan commitments to households[1], Queensland



Note:

1. Nominal, monthly, seasonally adjusted, reflects loans for new and existing properties (but excludes refinancing).

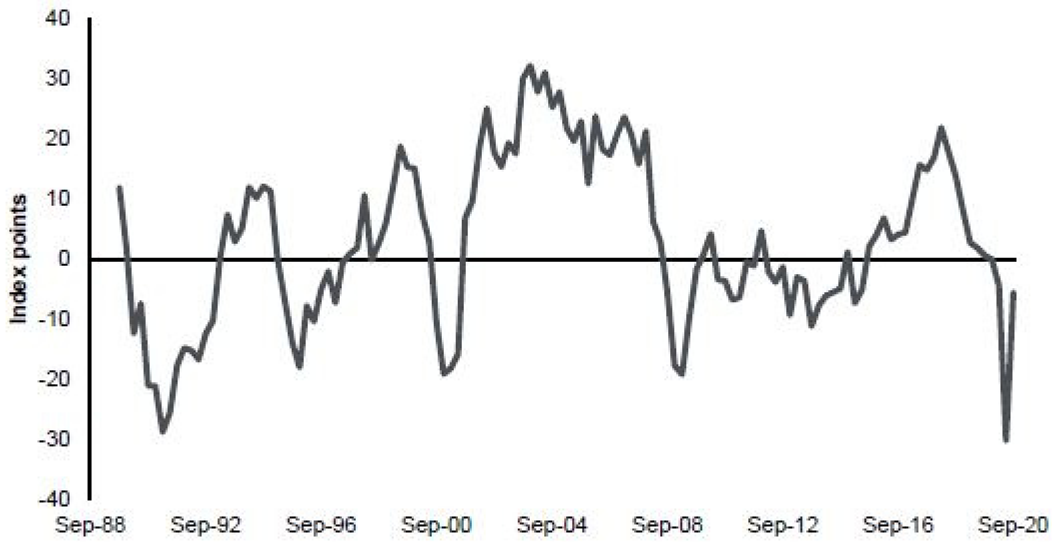
Source: ABS Lending Indicators.

Business investment

The onset of the COVID-19 pandemic in the first half of 2020 saw a marked deterioration in business confidence and conditions. This was especially the case during the March and April lockdown period and business conditions in the June quarter fell to levels last seen during the Global Financial Crisis and the early 1990s recession.

Since that time, success in controlling the virus in Queensland, and the resulting easing of many social distancing restrictions, has led to an improvement in business confidence and overall economic activity, although both remain below their long-term averages (Chart 2.6).

Chart 2.6 Business Conditions, Queensland



Source: NAB Quarterly Business Survey, September quarter 2020, seasonally adjusted by Queensland Treasury.

Importantly, there is generally a lag between changes in business confidence and investment decisions and actual investment spending, particularly for larger long-term building and construction projects. Therefore, notwithstanding the recent recovery in business confidence, business investment is still expected to continue to fall in the near term before recovering.

The value of private non-residential building approvals, a leading indicator of **non-residential building** activity, fell 21.3% in the September quarter compared with the previous quarter. This decline in the approvals pipeline is expected to be reflected in lower building activity in late 2020 and early 2021.

The near-term outlook for **engineering construction** is also clouded by uncertainty, including the ongoing risks to the global outlook. Latest data for private sector engineering commencements recorded a seasonally adjusted decline of 5% in the June quarter. Similarly, continuing uncertainty and a below average level of capacity utilisation (reflecting the reduced demand as a result of the crisis) is expected to see **machinery and equipment** investment decline.

Business investment in Queensland is expected to pick-up from 2021-22. A recovery in demand from the domestic and global economies, combined with an expected reopening of international borders in late 2021 and ongoing low interest rates, will boost business confidence to invest.

Public final demand

Public final demand has grown strongly in recent years, supported by a range of initiatives, including the National Disability Insurance Scheme, substantial investment in roads and the Cross River Rail project. Ongoing expenditure in these areas, along with the Queensland Government's broader $56.031 billion capital works program over the four years to 2023-24, will support further growth in public final demand.

Public final demand is likely to have also been supported by increased health spending due to the COVID-19 pandemic, while at both the state and national level, an unprecedented level of fiscal stimulus has been provided. The Queensland public sector's contribution to growth is especially strong in 2019-20 and 2020-21, with strong spending growth supporting the economy, while private final demand is impacted by pandemic-led declines in business conditions.

Overseas exports and imports

Queensland's overseas exports of goods and services are forecast to fall by 11% in 2020-21 before rebounding by 9¾% in 2021-22.

The global recession caused by COVID-19 has lowered demand for Queensland's key exports, particularly coal and LNG, while travel restrictions have severely impacted Queensland's international tourism exports and are expected to limit international student arrivals in 2021.

Increased rainfall in the summer of 2020-21 is expected to support production and exports of crops. However, this is expected to be more than offset by a decline in beef exports as farmers seek to rebuild their depleted herds in light of the more favourable weather conditions.

However, as the global economy gradually recovers, Queensland's overseas exports are expected to continue to grow across the remainder of the forward estimates period.

Coal

The volume of Queensland's coal exports fell 3.1% in 2019-20, primarily driven by a COVID-19-induced decline in demand in June quarter 2020, with exports 9.8% lower over the year to the June quarter.

This weakness in demand caused benchmark spot prices for hard coking coal and thermal coal to fall 24.5% and 33.4%, respectively, from the beginning of the year to their respective lows in August and September. Coal prices subsequently showed signs of recovery, however media and market reports of restrictions on Australian coal imports by Chinese authorities from the start of October has seen coal prices more recently fall back to around their respective lows for the year.

In the first quarter of 2020-21, the volume of Queensland's coal exports was 8.3 million tonnes lower than in the corresponding quarter in 2019-20. This decline was primarily concentrated in thermal coal exports, which fell by 7.3 million tonnes.

Reflecting the reduced demand in the first quarter, the continued impacts of COVID-19 and the uncertainty surrounding Australian access to the Chinese market, Queensland's coal exports are forecast to fall 8% in 2020-21. However, coal exports are expected to recover by 9¾% in 2021-22 as the global economy begins to recover and demand for coal rebounds.

LNG

The volume of Queensland's LNG exports grew by 2.5% in 2019-20, as new developments boosted gas supply into the east coast domestic market, thereby making more gas available for export. However, the nominal value of Queensland's LNG exports fell 1.1% due to lower prices.

LNG export prices are expected to fall significantly in the second half of 2020, due to the sharp fall in global oil prices in March 2020 (with LNG contract prices linked to oil prices, but with a lag of several months). This is expected to substantially reduce LNG export values.

The reduced global demand for energy substantially reduced oil prices following the falls in 2019 due to the US-China trade tensions. Global oil production cuts have seen the Brent crude oil price rise from a low of US$5.6/bbl on 21 April 2020 to around US$40/bbl from June 2020 onwards, but prices remain well below the level of recent years.

Queensland's LNG volumes have been only modestly affected by the pandemic to date, with export volumes down 4.1% over the year to September quarter 2020, due to significant maintenance being undertaken at all three plants. The volume of LNG exports rebounded in October 2020, with export volumes in the month being the highest on record for Queensland.

Metals

Queensland's metals exports have not been materially impacted by COVID-19. New or expanded production capacity was largely complete by late 2019 and the modest expansion in coming years should be largely offset by continued ore grade decline at several large operations. As a result, exports are forecast to remain around their current level over the forecast period.

Agriculture

The volume of agriculture exports fell 8.0% in 2019-20 as dry conditions persisted across most of the state, reducing the area of crops planted. Notwithstanding improved growing conditions, agriculture exports are forecast to fall a further 6% in 2020-21, driven by a steep decline in beef exports more than offsetting increased crop exports.

Agriculture exports are expected to return to growth in 2021-22, primarily supported by cotton and crop production. Beef production and exports are expected to return to normal levels from 2022-23, providing further growth to agriculture exports over the medium term.

Despite improved rainfall and cattle production conditions, slaughter rates remained relatively high by mid-2020, as a result of elevated cattle prices incentivising farmers to further destock. However, slaughter rates in Queensland have declined so far in 2020-21, with above average winter and spring rainfall seeing farmers starting to rebuild their depleted herds.

The improved rainfall outlook will see herd rebuilding further intensify, constraining beef production and exports until 2021-22, before a return to normal seasonal conditions is expected to see beef exports gradually return to growth.

The outcome for the 2020 harvest season suggests sugar content levels and yields are below levels recorded in the previous years. This is expected to constrain sugar production and exports in 2020-21. Sugar exports are expected to return to growth in 2021-22 due to the more favourable conditions across most cane-growing regions. Despite this, production is anticipated to increase only marginally in the medium term, reflecting limited capacity to increase the area of plantation.

Cotton exports are forecast to decline in 2020-21, due to the season's crop having already been planted before growing conditions improved. However, from 2021-22 cotton exports are forecast to increase substantially as improved rainfall and water storage support production. Reflecting the improved weather conditions, exports of other crops are expected to significantly increase in 2020-21, driven by increased production of wheat, chickpeas and grain sorghum.

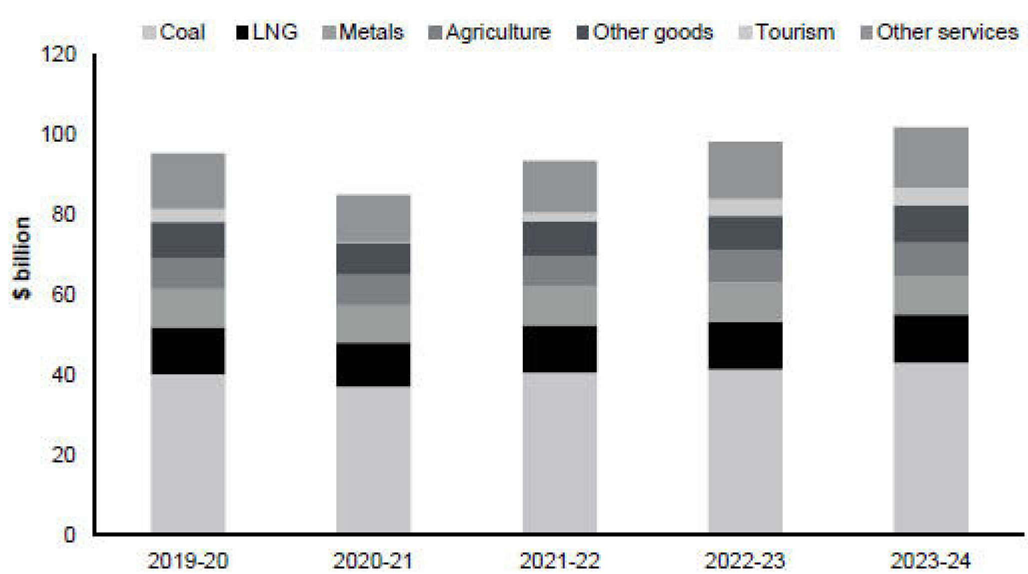
Services exports

International tourist arrivals have fallen to negligible levels due to international border closures. This is expected to remain unchanged until late 2021 when the reopening of international borders should produce a gradual resumption of international travel and tourism.

In contrast to tourism, the initial impact of border closures on education exports was relatively modest, with many international students for 2020 having already arrived in Australia ahead of the border closures in late March 2020. The exception was for Chinese students, reflecting the earlier closure of international borders to travellers from China in January 2020.

With international borders expected to remain closed in early 2021, international students graduating at the end of 2020 will not be replaced to the same extent by new enrolments in early 2021, leading to a substantial fall in student numbers and therefore education exports. Therefore, overall services exports are expected to fall further over the coming quarters before starting to recover as international borders start to reopen.

Chart 2.7 Queensland's overseas exports[1]



Note:

1. CVM, 2017-18 reference year, 2020-21 onwards are forecasts.

Source: Queensland Treasury.

Imports

The significant decline in economic activity as a result of the virus is expected to flow through to lower goods imports in the first half of 2020-21. Goods imports (overseas and interstate) are forecast to fall by 5% in 2020-21 before recovering by 4% in 2021-22 as the domestic economy recovers and demand for imports increases.

Labour market

Reflecting the impacts of COVID-19, between March and May 2020, seasonally adjusted employment in Queensland fell by 205,400 persons (or 8.0%), the largest decline on record.

The decline would likely have been even larger if not for the JobKeeper program keeping people notionally employed. Overall, the number of hours worked in Queensland fell by 9.6% between March and May.

At the same time, the participation rate dropped from 65.5% in March to 61.6% in May, equating to 158,200 persons leaving the labour force over this period. As a result, the increase in the unemployment rate was likely more subdued than it otherwise would have been, rising from 5.6% in March to 7.8% in May 2020.

Since May, there has been a rapid and strong recovery in the Queensland labour market. Employment increased by 205,900 persons between May and October 2020, to be 500 persons above the pre-COVID-19 level in March. Similarly, the monthly number of hours worked in Queensland rebounded between May and October, to be 0.4% above pre-COVID-19 levels.

Queensland is the only state where employment and hours worked have rebounded to above their pre-COVID-19 levels, highlighting the extent of the recovery in the state's labour market following the easing of restrictions due to success in containing the virus.

The participation rate has recovered strongly to 66.6% in October, 1.0 percentage point above its pre-COVID-19 rate in March 2020. This strong rebound in participation has limited the decline in the unemployment rate, which has fallen from a high of 8.8% in July to 7.7% in October.

Looking forward, Queensland's labour market is forecast to continue to recover, in line with the ongoing strengthening of domestic economic activity.

The latest ABS *Labour Force* survey provided another very strong employment result for Queensland in October 2020 (up 25,300 persons) as well revising up the level of employment in September by 20,200 and August by 16,300 (on top of the previous month's upward revision of 37,900 for August 2020).

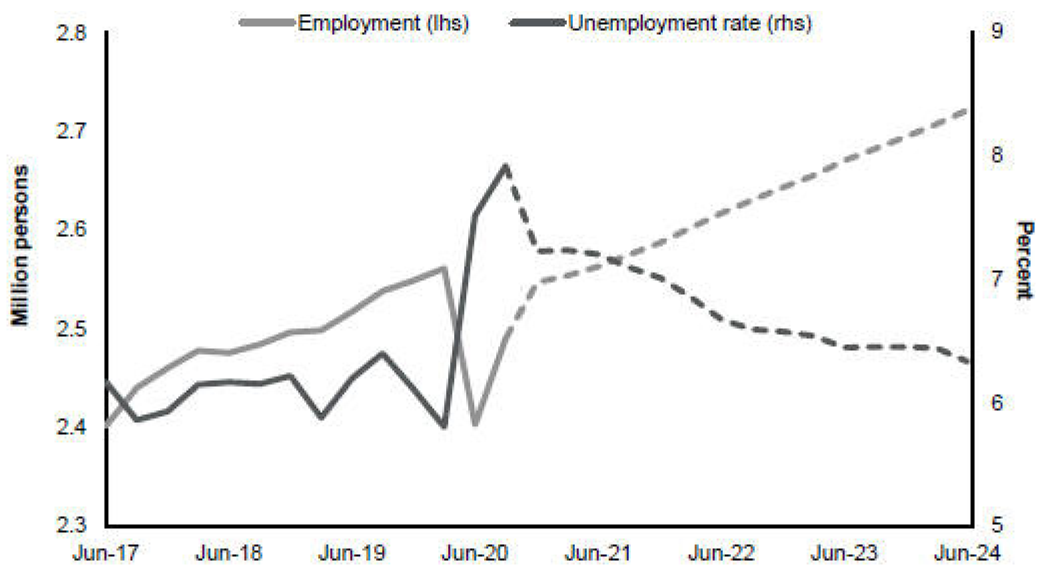
Consequently, the current employment profile (as of October data) is very different from what the state was facing at the time of C19-FER (when July data showed employment still 138,200 below the pre-COVID-19 level in March). In addition to the stronger than expected recovery in domestic activity in the September quarter, these results help explain the dramatic difference in employment forecasts since C19-FER was published in early September.

In year-average terms employment is now forecast to rise 1% in 2020-21 (compared with a 3% decline at C19-FER), while in quarterly, seasonally adjusted terms, employment is forecast to rise by 6¾% (around 160,000 persons) through the year to June quarter 2021.

From 2021-22 to 2023-24, employment is expected to continue to grow by a solid 2% to 2¼% per annum, as the economy continues to recover.

The unemployment rate is expected to have peaked (in quarterly terms) at 7.9% in September quarter 2020 (Chart 2.8), down from the previous C19-FER forecast of 9% in December quarter 2020, before improving steadily over the forecast period to be 6½% by 2023-24.

Chart 2.8 Employment[1] and unemployment rate[2], Queensland



Notes:

1. Seasonally adjusted, quarterly, million persons.
2. Seasonally adjusted, quarterly, percent.

Sources: ABS Labour Force and Queensland Treasury.

Box 2.1 Participation and unemployment rate trends

People's perceptions of their employment prospects (i.e. their perceived chances of getting a job) strongly influence whether they participate in the labour force and actively look for work.

For this reason, strong labour force growth and a high participation rate is generally considered a strong signal of a healthy economy and labour market, as it reflects the confidence of individuals in seeking employment opportunities, often referred to as the 'encouraged worker' effect.

This can include people entering the labour force for the first time and people re-entering the labour force after a period of non-participation. A key driver of high labour force growth can be population growth, including through strong positive net overseas and interstate migration, which often coincides with periods of strong economic growth in Queensland, which can attract people to relocate to Queensland in pursuit of the better employment opportunities.

As such, periods of strong jobs growth in Queensland have at times encouraged many jobseekers into the labour force, with most of the increase in employment having flowed through to a higher participation rate (i.e. the proportion of the civilian working age population who are working or actively looking for work), thereby limiting any reduction in the unemployment rate.

A clear example of this impact was the surge in jobs growth in the 12 months to October 2017, with Queensland recording a 135,100 gain in seasonally adjusted employment over the year. However, this increase was more than accounted for by a 144,900 person increase in the labour force, resulting in the number of unemployed persons rising slightly (up 9,700) over the year.

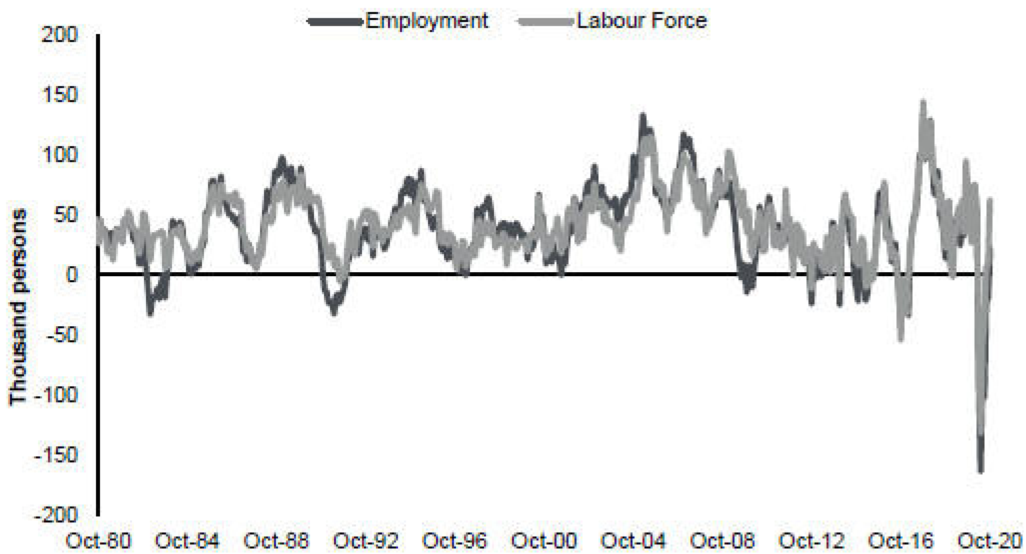
As a result, despite employment rising by an extraordinary 5.8% in the 12-month period, the unemployment rate still rose marginally, reflecting the sharp rise in the participation rate (from 63.5% to 66.1%) over the same period as relatively more people were encouraged to enter the labour force.

More recently, the strong recovery in Queensland's labour market from the COVID-19 shutdowns in April has seen a similar phenomenon.

Despite employment recovering by an exceptional 205,900 persons since May 2020 as the economy recovers, the state's unemployment rate remains elevated compared with the 5.6% before COVID-19, partly reflecting the participation rate increasing by one percentage point to 66.6% in October.

Chart 2.9 highlights the extent to which, in recent times, labour force growth in Queensland has moved in line with employment growth, thereby often limiting changes in the unemployment rate.

Chart 2.9 Growth in Employment and the Labour Force, Queensland[1]



Note:

1. Monthly, annual difference, seasonally adjusted

Source: ABS Labour Force Survey

These trends highlight that, while the unemployment rate is one measure of labour market conditions, the strength of an economy is generally reflected in the strength of jobs growth.

Historically, there have been significant variances between jurisdictions in terms of various labour market outcomes, reflecting a range of structural and demographic factors. In particular, Queensland has generally tended to have a higher unemployment rate than the national average over many decades.

Since the start of the ABS monthly Labour Force series in 1978, Queensland's seasonally adjusted monthly unemployment rate has been above the national rate for 75% of the months. On average, across those 42 years, Queensland's unemployment rate has been around 0.5 percentage points higher than the national rate.

Significantly, over this 42-year period, Queensland has recorded a higher monthly participation rate in 72% of the months, with the state's participation rate, on average, being 0.7 percentage points higher than the national rate.

While each jurisdiction's labour market contains its own unique characteristics, Queensland's generally higher unemployment rate over time reflects a range of factors, including differences in labour force growth and participation, including higher youth participation, as well as differences in industry structure, demographic characteristics and Queensland's more geographically dispersed population compared with other jurisdictions.

Regional labour markets

Queensland's major tourism regions of the Gold Coast, Sunshine Coast and Cairns were the hardest hit by the impacts of COVID-19. Between the weeks ending 14 March and 18 April, the number of employee jobs fell by more than 10% in all three regions, the most of any regions in Queensland.

Similarly, between March and May 2020, the proportion of the civilian population receiving JobSeeker/Youth Allowance increased by 5.6 percentage points in the Gold Coast, 5.1 percentage points in Cairns and 4.9 percentage points in the Sunshine Coast, also the most of any regions in Queensland.

However, over the period from the weeks ending 18 April to 31 October, conditions in these regions have improved, with the number of employee jobs up 7.3% in Cairns, 6.9% in the Gold Coast and 6.6% in the Sunshine Coast. Similarly, the proportion of the civilian population receiving JobSeeker/Youth Allowance fell by 1.9 percentage points in Cairns, 1.8 percentage points in the Sunshine Coast, and 1.6 percentage points in the Gold Coast between May and October 2020.

Despite these substantial improvements in labour market conditions in these regions in recent months, all three regions remain among the most affected in Queensland by the COVID-19 crisis.

The state's other regional economies have been relatively less affected by COVID-19 than those regions more exposed to tourism, with smaller declines in the number of employee jobs and smaller increases in the proportion of the population receiving JobSeeker/Youth Allowance. However, all the state's regional labour markets were still significantly affected by the initial emergency health restrictions and other impacts of COVID-19 but have been recovering strongly as the state's domestic economy recovers, with employment in some regions also being buoyed by increased intra-state tourism activity as domestic restrictions have eased.

Price and wages

Brisbane's consumer price index (CPI) rose 1.2% in 2019-20, the slowest rate of growth in more than 20 years. The pandemic-driven falls in the prices of child care services, pre-school, automotive fuel and electricity all contributed significantly to the Brisbane CPI falling a record 2.2% in June quarter 2020. This resulted in an annual CPI decline of 1.0%, the first annual fall in Brisbane's CPI since the inception of the series in the 1940s.

In addition to the COVID-19-related price declines, longer term trends in some components continued to impact CPI growth in the June quarter. In particular, falling prices for new dwelling costs and rents have weighed on CPI growth in recent quarters.

Nominal wage growth slowed to 1.9% in 2019-20, down from 2.3% in 2018-19. With excess spare capacity in the Queensland labour market expected to remain for some time, there is likely to be little upward pressure on wages, and subsequently CPI, over the medium-term.

These trends are expected to result in only modest CPI growth of 1¼% in 2020-21, with inflation to then gradually increase over subsequent years as the economy continues to recover.

Population

Queensland's population growth in 2019-20 and 2020-21 is expected to be significantly impacted by the international travel restrictions implemented to combat the spread of COVID-19.

The largest impacts to net overseas migration are expected during 2020-21, particularly in March quarter 2021 due to the expected large drop in international student arrivals. International travel restrictions are expected to remain in place long after domestic social distancing restrictions have been eased.

Early interstate migration data show minimal impact of the crisis and related border closures on Queensland's net interstate migration, with departures falling by more than arrivals. However, the resulting relaxation of interstate border closures should help support interstate migration returning to more normal levels over time.

Reflecting the impacts of the crisis, overall population growth is now expected to slow to 1½% in 2019-20 and slow further to 1% in both 2020-21 and 2021-22, before strengthening to 1¼% in 2022-23 and 1½% in 2023-24.

2.5 Risks to the outlook

The key risk to Queensland's economic outlook is the global evolution of the COVID-19 pandemic. While Australia has been relatively successful in supressing the pandemic, the risk of further waves remains until a successful vaccine is produced and distributed.

While economic activity has already started to recover in many areas of the economy, those firms focused upon international tourism and international education exports continue to be impacted substantially by international border closures. Any delay in a successful vaccine development, manufacturing and distribution risks further impeding the re-opening of international borders and could cause additional damage to the economic prospects in those key sectors.

Internationally, several major economies including the USA, UK and Europe are experiencing an upsurge in COVID-19 incidence. A number of these countries have started to re-introduce full or partial lock downs. This risks a further downturn in the already severe global economic recession, further depressing demand for Queensland's exports and commodity prices, and ultimately flowing through to reduced economic activity and with flow on impacts to state revenues.

In addition to the pandemic, ongoing international trade tensions, including reported trade tensions between China and Australia, remain a substantial risk. Any further escalation of these tensions poses a risk to key exports.

Both domestically and internationally, governments have greatly expanded fiscal and monetary support measures. As the economy recovers, it is appropriate and necessary for all levels of government to wind-back these measures and return to more sustainable fiscal settings and productivity-enhancing reforms to support ongoing economic recovery.

The pace and nature of this ongoing policy adjustment at all levels of government, particularly in terms of major income support and stimulus measures implemented by the Australian Government, pose ongoing risks to the economic outlook.

Asset prices (with flow on impacts on wealth and confidence) have also been supported by historically low interest rates and substantial fiscal policy measures, giving rise to a degree of fragility in financial markets.

Therefore, any increased volatility in financial markets could impact the extent and pace of economic recovery, while the return to normal monetary policy settings over time will need to be carefully managed.

Table 2.2 Queensland economic forecasts[1], by component

	Actuals		Forecasts	
	2018-19	2019-20	2020-21	2021-22
Economic output[2]				
Household consumption	1.9	-0.8	2¼	2½
Dwelling investment	-1.8	-7.7	-5	4¾
New and used	-10.6	-14.9	-6	6
Alterations and additions	13.7	2.5	-4	3¼
Business investment	-7.6	-6.7	-9¾	4¾
Non-dwelling construction	-15.5	-8.1	-8	6¼
Machinery and equipment	5.1	-4.8	-12¼	3
Private final demand	-0.1	-2.0	-½	3
Public final demand	5.2	6.4	6	1
Gross state expenditure	1.0	-0.2	1½	2¾
Overseas goods and services exports	4.5	-3.9	-11	9¾
Overseas and interstate goods imports	3.7	0.4	-5	4
Gross state product	**1.6**	**-0.4**	**¼**	**3½**
Nominal gross state product	5.0	-1.2	-3	6¼
Employment[3]	1.4	0.5	1	2¼
Unemployment rate[4]	6.1	6.4	7½	7
Inflation[5]	1.6	1.2	1¼	1½
Wage Price Index[5]	2.3	1.9	1¼	1½
Population[5]	1.7	1½	1	1

Notes:

1. Unless otherwise stated, all figures are annual percentage changes.
2. CVM, 2017-18 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 goods and services exports, overseas and interstate services imports and inventories) and the statistical discrepancy. 2019-20 GSP outcome is a preliminary estimate, and may be revised in the September quarter 2020 *Queensland State Accounts*.
3. Annual percentage change, year-average. The comparable through-the-year growth rates to the June quarter (seasonally adjusted) are 1.7%, -4.5%, 6¾% and 2% from June 2019 through to June 2022.
4. Per cent, year-average.
5. Annual percentage change, year-average.

Sources: ABS National, State and Territory Population, Labour Force, Wage Price Index, Consumer Price Index and Queensland Treasury.

3 Fiscal strategy and outlook

Features

- The Queensland Government has prioritised its response to the coronavirus (COVID-19) health crisis and economic recovery efforts. Like all jurisdictions, Queensland's fiscal position has been impacted by the COVID-19 pandemic – but a strong response has been necessary to secure strong public health outcomes for Queensland and in doing so position for an earlier economic recovery.
- The impact of the crisis on Queensland's operating position has been significant, with a General Government operating deficit of $5.734 billion expected in 2019-20, peaking in 2020-21 at $8.633 billion. As the economy recovers the operating deficit progressively decreases over the forward estimates. The government is balancing the need to return to surplus with ensuring the recovery of the economy.
- The nature and impact of the pandemic means increased borrowings are unavoidable without austerity measures. Falls in key revenues such as GST, coupled with increased expenditure in response to the pandemic has led to General Government Sector borrowing with QTC rising to an estimated $53.501 billion by 30 June 2021. Despite rising borrowings, Queensland's interest expense, the cost of servicing this debt, is forecast to be around 3.1% of revenue in 2020-21, well below the peak of 4.7% in 2013-14.
- Queensland entered this crisis with a robust fiscal position. The 2019-20 MYFER forecast increasing net operating surpluses across the forward estimates. The strong pre-crisis position allowed the government to respond quickly to the crisis, and to maintain the support necessary to ensure Queensland's economic recovery.
- As the economy strengthens through the recovery phase, revenues will rise, and temporary support measures will be wound back. The budget position will strengthen, and borrowings will stabilise. Once the budget returns to surplus, fiscal buffers will be restored and debt reduced.
- Due to the impact of the pandemic, some fiscal principles are not being met. A new Charter of Fiscal Responsibility will include renewed, longer-term fiscal principles. Progress on development of these principles will be reported in the 2021-22 Budget.

3.1 Context

Global, national and sub-national economies are enduring unprecedented public health and economic impacts from the COVID-19 pandemic. The Queensland Government's strategy for responding to this crisis is to safeguard the health of Queenslanders as the foremost priority, while implementing strategies to help industries and businesses adapt and recover.

Like all governments, significant increases in expenditure has been required for health services and for community and business support to help Queensland through this crisis. Initial fiscal stimulus of more than $7 billion, as outlined in the government's *Unite and Recover:*

Queensland's Economic Recovery Plan, was targeted at short term measures to support demand. The strategy will now transition to measures which support longer-term recovery by enhancing productivity, competitiveness and private sector growth.

Queensland remains committed to its substantial infrastructure investment program, with the largest 4-year capital spend in over a decade of $56.031 billion in the 2020-21 Budget. Infrastructure is a major driver of economic growth and job creation and the government's infrastructure investment commitment gives industry confidence to invest and generate jobs.

Key elements of the government's Economic Recovery Plan and overall economic strategy are set out in Chapter 1.

The decision to prioritise the health crisis response and economic recovery has meant that Queensland's fiscal position has been substantially impacted. However, a strong response to the pandemic was necessary, and Queensland entered this crisis with a robust fiscal position. Prior to the crisis, the government had delivered consecutive years of operating surpluses which has allowed the budget to weather the crisis and be positioned for recovery as the immediate pandemic pressures ease and productivity initiatives take effect. In the current climate, supporting the economy and driving future growth remains the priority.

Risks to the fiscal outlook remain elevated, flowing from risks to the macroeconomic outlook. These risks include another substantial or elevated wave of the pandemic further reducing global demand for Queensland exports, escalating geopolitical tensions and trade disputes hindering global economic recovery, delays in the availability of an effective vaccine, and abrupt unwinding of Australian Government fiscal stimulus measures affecting demand and activity.

3.2 Strategy for fiscal recovery

Queensland's fiscal position has been severely impacted by the pandemic requiring a reset of the fiscal strategy.

The updated fiscal outlook captures the substantial impact of COVID-19 on the Queensland economy, the significant response measures supporting business and households through the recovery and funding for election commitments. The government has committed a package of election commitments totalling $4.3 billion over four years. These measures provide essential support for government service delivery as well as continued resources for COVID-19 support and recovery. These measures are necessary to support the Queensland economy and to protect jobs, but also limit the state's fiscal capacity to respond to future crises. The government remains committed to budget repair, restoring fiscal buffers and stabilising debt but recognises the strategy must ensure the economy first recovers from the pandemic.

The fiscal strategy in the short to medium term emphasises the importance of economic recovery while ensuring spending remains well-targeted and focused on driving competitiveness and productivity. Economic recovery is the key priority which a disciplined approach to fiscal management will position the state well for the future.

The 2020-21 Budget forecasts detail the impacts of recent events and expectations for revenue recovery. Decision making for additional commitments and developments from this point forward will be underpinned by the fiscal strategy:

- Economic recovery will be prioritised over budget repair during the near-term recovery period, after which improved fiscal targets including debt stabilisation will be pursued. Prioritising economic recovery alongside targeted expenditure and capital prioritisation will position Queensland well for fiscal repair.
- As revenues improve, increases will be directed towards economic recovery priorities and then a return to operating surpluses.
- Spending will be maintained to support jobs and the economy during the recovery period, while ensuring expenditure restraint by working to ensure new spending measures are met from the re-prioritisation of existing funding.
- The capital program will be rigorously assessed to ensure planned infrastructure investment meets changing needs and that government is achieving value for money.

3.2.1 Fiscal Principles

Queensland's current fiscal principles aim to provide specific, objective measures for the government to assess the success of its fiscal strategies. Prior to the crisis, the government's fiscal principles underpinned the state's fiscal strategy. The government's current Charter of Fiscal Responsibility detailing six fiscal principles, was tabled in Parliament on 14 June 2016.

Queensland, like other Australian jurisdictions, is prioritising support for economic recovery over existing fiscal targets. Given this, some targets underpinning Queensland's fiscal principles will not be achieved in the short and medium term.

Reporting against the existing fiscal principles will continue but remain under review ahead of the 2021-22 Budget.

The current Fiscal Principle 5 (Targeting full funding of long-term liabilities such as superannuation and WorkCover in accordance with actuarial advice) is a long-standing Queensland Government priority and a key element of Queensland's financial management. Despite the impact of the crisis, commitment to this principle will continue through the economic recovery period, and it will continue to be part of the long-term fiscal strategy.

Fiscal principles

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

The trajectory of the debt burden has shifted significantly due to the impact of COVID-19. The ratio of General Government debt to revenue was 76.6% in 2019-20 and expected to be 108.9% in 2020-21. After 2020-21, the growth in Queensland's General Government debt burden will moderate. Queensland's debt to revenue ratio compares favourably to peer jurisdictions whose debt to revenue measures in 2020-21 are 120% and 156.7%, for NSW and VIC respectively.

In August 2020, the government passed legislation to establish the first of the Queensland Future Funds – the Debt Retirement Fund. The Debt Retirement Fund is a long-term sustainable plan to alleviate the debt burden on future generations of Queenslanders. The purpose is to reduce the State's borrowings. Assets totalling $5.67 billion have been included in the Debt Retirement Fund as at C19-FER for 2020-21. The debt to revenue ratio is estimated to shift from 108.9% to 98.8%.

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.

Having forecast an operating surplus prior to the COVID-19 pandemic, a General Government operating deficit of $8.633 billion is forecast for 2020-21. The size of this deficit is forecast to reduce substantially across the forward estimates to be $1.389 billion by 2023-24.

New capital investment across the period from 2020-21 to 2023-24 will be funded from increased borrowings.

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 government's infrastructure investment commitment continues to be significant and gives industry confidence to invest and generate jobs.

The budget sees the capital program including purchases of non-financial assets (capital purchases), acquisitions through finance leases, and capital grants expenses will increase to $14.835 billion in 2020-21. In the COVID-19 Fiscal and Economic Review (C19-FER), the government committed to maintaining a $51.8 billion infrastructure investment program. The total capital program over the four years to 2023-24 is $56.031 billion.

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.

At 8.3% for 2019-20 and 7.7% for 2020-21, this is lower than typically targeted reflecting revenues being materially affected due to the COVID-19-induced hit to the economy and government's commitment to a range of revenue relief measures to help support Queenslanders.

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

This fiscal principle continues to be a central principle for the government's Charter of Fiscal Responsibility and the associated fiscal strategy and objectives.

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.

A more subdued rate of population growth in the near term has been brought on by the spread of COVID-19 constraining international and interstate migration to Queensland. Consequently, the average growth in public sector FTEs will exceed population growth. Growth in the health sector continues to be the largest driver of FTE growth. Excluding health and education FTEs, growth in FTEs for the rest of the sector remains lower than population growth.

3.3 Key fiscal aggregates

The key fiscal aggregates for the 2020-21 Budget are outlined in Table 3.1 and are discussed in detail in this chapter.

Table 3.1 Key fiscal aggregates[1]

	2018-19 Outcome $ million	2019-20 MYFER $ million	2019-20 Actual $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
General Government Sector							
Revenue	59,828	59,914	57,764	56,249	60,504	63,394	66,326
Expenses	58,843	59,763	63,498	64,881	64,806	65,874	67,715
Net operating balance	**985**	**151**	**(5,734)**	**(8,633)**	**(4,303)**	**(2,480)**	**(1,389)**
PNFA[2]	5,764	7,223	6,291	7,572	8,136	8,078	7,762
Fiscal balance	(2,207)	(4,068)	(9,158)	(13,440)	(9,085)	(6,647)	(4,370)
Borrowings with QTC	**29,468**	**31,774**	**37,570**	**53,501**	**64,525**	**73,924**	**80,653**
Leases and similar arrangements[3]	2,612	6,071	6,499	7,565	7,408	7,484	7,768
Securities and derivatives	121	121	198	198	198	198	198
Net debt	(198)	7,030	14,046	25,499	35,511	44,228	50,782
Non-financial Public Sector							
Borrowings with QTC	**67,576**	**70,832**	**76,464**	**93,467**	**104,626**	**114,217**	**121,039**
Leases and similar arrangements[3]	2,612	6,481	6,991	8,033	7,843	7,884	8,135
Securities and derivatives	720	544	1,505	720	618	567	549
Net debt	34,196	44,123	50,592	63,467	73,770	82,624	88,906

Notes:

1. Numbers may not add due to rounding. Bracketed numbers represent negative amounts.
2. PNFA: Purchases of non-financial assets.
3. Reflects the ‘Leases and similar arrangements’ and ‘Securities and derivatives’ line items in the balance sheet.

3.3.1 Net operating balance

Table 3.2 compares the General Government Sector net operating balance forecasts for the 2019-20 Budget and MYFER with the 2020-21 Budget forecasts.

Table 3.2 General Government Sector – net operating balance forecasts

	2019-20 $ million	2020-21 $ million	2021-22 $ million	2022-23 $ million	2023-24 $ million
2019-20 Budget	189	313	483	787	n.a.
2019-20 MYFER	151	234	595	1,142	n.a.
2020-21 Budget	**(5,734)**	**(8,633)**	**(4,303)**	**(2,480)**	**(1,389)**

The 2019-20 MYFER confirmed that Queensland was on track to achieve a General Government net operating surplus in 2019-20. This position prevailed despite a royalty reduction of $677 million since the 2019-20 Budget, with a savings plan providing a buffer against revenue revisions. Queensland's operating balance was forecast to steadily increase over the forward estimates.

The impact of the crisis on Queensland's operating position has been significant, driven by the impact of the economic downturn on revenues as well as the cost of support and recovery measures. Consistent with the C19-FER, the operating deficit in 2019-20 was $5.734 billion. The pandemic impact on the operating balance is expected to peak in 2020-21, with an estimated deficit of $8.633 billion. The operating deficit progressively decreases over the forward estimates as the economy recovers and temporary support measures are wound back. The operating position is expected to continue to strengthen beyond the forward estimates to surplus.

The government's focus is ensuring the economy recovers.

Table 3.3 provides a breakdown of the movements in the net operating balance since the 2019-20 MYFER.

Table 3.3 Reconciliation of net operating balance, 2019-20 MYFER to 2020-21 Budget[1]

	2019-20 $ million	2020-21 $ million	2021-22 $ million	2022-23 $ million
2019-20 MYFER net operating balance	**151**	**234**	**595**	**1,142**
Taxation revisions[2]	(561)	(1,405)	(1,208)	(1,344)
Royalty revisions	(258)	(1,917)	(1,175)	(712)
GST revisions	(1,251)	(1,291)	(830)	(425)
Expense measures[3]	(1,211)	(2,511)	(687)	(702)
Net flows from PNFC and PFC entities[4]	(252)	(398)	(507)	(742)
Natural Disaster Revisions (DRFA)[5]	(75)	(165)	57	(229)
Australian Government funding revisions[6]	(453)	(148)	(482)	348
Other parameter adjustments[7]	(1,824)	(1,032)	(66)	184
2020-21 Budget net operating balance	**(5,734)**	**(8,633)**	**(4,303)**	**(2,480)**

Notes:

1. Numbers may not add due to rounding. A number in brackets indicates a negative impact on the operating balance.
2. Represents parameter adjustments to taxation revenue and revenue measures providing payroll tax and land tax relief.
3. Reflects the operating balance impact of government decisions since the 2019-20 MYFER and includes COVID-19 immediate stimulus, Economic Recovery Plan measures and 2020 Election Commitments. In 2020-21 and 2021-22, policy expense measures are net of public service wage deferrals savings.
4. 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.
5. Disaster Recovery Funding Arrangements.
6. Represents the net impact of funding provided by the Australian Government primarily for Specific Purpose Payments and National Partnership Payments and excludes funding for disaster recovery expenses.
7. Refers to adjustments largely of a non-policy nature, primarily changes in interest paid on borrowings, depreciation, swaps, lapses and deferrals. In 2019-20, other parameter adjustments include providing for serious historical physical child abuse claims, an increase in historical sexual abuse claims and other pending litigation.

3.3.2 Revenue

Revenue has been significantly impacted by the pandemic, both from the impact of the downturn on industry, and the substantial package of relief measures developed to help businesses weather the crisis.

Since the 2019-20 MYFER, revenue has been revised down by $12.3 billion over the four years to 2022-23, with the pandemic impact being felt across all key revenue lines:

- Taxation revenue forecasts are $4.5 billion lower, impacted by the economic downturn and foregone revenue from support measures, though to a lesser extent in 2020-21 than estimated in the C19-FER.
- The downturn in national economic activity as well as social distancing and travel restrictions have impacted national consumption and dwelling investment, reducing GST revenue by $3.8 billion.

- The impact of the pandemic on commodity prices and global demand for key commodities has reduced royalty revenues by $4.0 billion, with royalties estimated to fall by 45.2% in 2020-21, following a 13.2% fall in 2019-20.

Ensuring Queensland provides an environment which supports businesses and jobs, growth has always been a key priority of this government. With the onset of the pandemic, substantial revenue relief has been provided to support businesses through the crisis and into a period of recovery. This include the provision of a range of significant tax relief measures to assist Queensland businesses and taxpayers, including:

- Payroll tax refunds or holidays for eligible small to medium businesses, and payroll tax deferrals for eligible businesses regardless of their size, supporting job security. No Queensland business eligible for deferral will need to make a payroll tax payment this calendar year and deferred liabilities may be paid as instalments throughout 2021.
- A payroll tax exemption for wages subsidised by the Australian Government's JobKeeper payment, to ensure this support flows through to businesses where it is needed.
- Land tax rebates for eligible taxpayers either providing necessary rent relief or where the pandemic has affected the securing of tenants during 2019-20 and 2020-21, and a 3-month deferral of land tax liabilities for all land taxpayers for the 2020-21 assessment year.
- A deferral of gaming machine tax and lottery tax liabilities to assist the cashflow of eligible businesses.

A rebound in key revenues is expected in 2021-22, followed by a gradual recovery. Forecast revenue growth of 7.6% in 2021-22 is driven by a 9.3% growth in GST revenue as national consumption recovers, a 7.1% growth in taxation revenue as economic conditions improve, and a rebound in royalty revenue.

Consistent with its election commitments, the Queensland Government remains committed to retaining a competitive taxation environment to support businesses in the longer term.

Further information on revenue forecasts is provided in Chapter 4.

3.3.3 Expenses

In response to the COVID-19 pandemic, the government provided significant additional expenditure, both to support the health sector and the economy. Queensland's Economic Recovery Plan has provided substantial immediate stimulus as well as longer-term recovery initiatives, focused on improving competitiveness and productivity to support Queensland jobs. The Economic Recovery Plan is discussed in more detail in Chapter 1.

Expenses increased by 7.9% in 2019-20 and are estimated to increase by a further 2.2% in 2020-21 from an already high base, driven by the response to the pandemic.

Expense growth is then expected to moderate significantly, with growth of 1.4% expected on average over the three years to 2023-24. Over the same period, revenue is expected to grow by an average of 5.6%.

The 2020-21 Budget targets initiatives that drive job creation, business-led growth and sustainable public investment; supporting the next wave of innovation and ensuring

Queenslanders have the skills for the future. Expense measures in the 2020-21 Budget incorporate the commitments made by the government during the recent election period, and include:

- Additional funding of $624 million for 2,025 new police personnel over five years.
- $20 million over four years for the Tourism Activation Fund, $15 million for the Regional Tourism Organisation Fund and $15 million to promote Queensland as a tourist destination. Together with the $20 million to boost major events in Queensland, these initiatives will provide needed support for the tourism industry, which has experienced a substantial impact from the pandemic.
- 357 additional firefighters will be recruited to strengthen Queensland fire services across the state.
- $50 million over three years for the South East Queensland Community Stimulus Package.
- $40.5 million to support jobs through building a stronger manufacturing sector in Queensland.
- $42.5 million towards a new levee to protect Bundaberg homes and businesses from major flooding, as part of the government's 10-year plan to protect the city from flood events.
- $100 million over three years for the Wellbeing Workforce for Queensland Schools, to provide every Queensland state school student with access to mental health professionals and to trial the placement of general practitioners in up to 20 schools.
- $18.5 million over three years for the Rural and Regional Renal Program, providing 33 additional renal dialysis treatment spaces. This initiative has an additional capital component of $9.3 million.

Further measures that may become necessary though the economic recovery will be considered within existing funding established in the 2020-21 Budget. Departments will work to maximise services and outcomes within current fiscal settings and in line with government priorities.

Savings and Debt Plan

To support Queensland's COVID-19 economic recovery, the government is implementing a Savings and Debt Plan within government services to deliver savings of $3 billion over four years to 2023-24. The government has achieved 47%, or $352.2 million, of its savings target for 2020-21 through a range of measures.

Savings will continue to be achieved by focussing on core tasks, ensuring government resources are directed to where they are needed most.

Six workstreams have been established to progress measures under the Savings and Debt Plan, with a focus on Government Advertising, Accommodation, Data and ICT, Workforce, Structural Reform opportunities and Agency Functional Reviews.

Agency functional reviews seek to ensure that government activities are being delivered efficiently and effectively and remain aligned to government priorities.

Short, medium, and long-term savings opportunities are being identified and progressed through measures under the workstreams.

Focussing on Core Business

- Programs that are time-limited will be either integrated into core business or ceased.
- Departments' staff levels to be maintained within approved caps, excluding frontline staff requirements.
- No marketing other than public and road safety, tourism promotion, investment attraction or Queensland Economic Recovery Plan initiatives.

Sustaining effective frontline services

- Reinforce the frontline by limiting secondments of frontline workers to back-office roles and identifying opportunities for roles to be reallocated to frontline tasks.
- Examine all uses of non-public servants in roles and move to end contracts.
- Strengthen oversight of non-frontline recruitment, and a natural reduction of senior executive service roles.
- Initiate a six month freeze on new ICT projects, except those related to critical safety or cybersecurity.
- Greater utilisation of existing government buildings to encourage public servants to work closer to home.

3.3.4 Investment

The Queensland Government has an important role in providing 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. This role is particularly vital in the context of the pandemic, with the $56.031 billion capital program funding the critical infrastructure needed to facilitate business-led growth, directly supporting employment across all regions of the state and forming a key component of the Economic Recovery Plan.

Consistent with the fiscal principles, the capital program seeks to target investment to areas of most need and adopt a cost-effective approach to addressing infrastructure requirements. The Queensland Government has established an infrastructure planning framework to underpin and inform the prioritisation of the state's capital works, including the State Infrastructure Plan.

Key capital initiatives include:

- A $6.267 billion investment in transformative transport infrastructure in 2020-21, including $1.514 billion for continued Cross River Rail construction and substantial ongoing investment to fund major upgrades to the M1 Pacific Motorway and the Bruce Highway.
- An investment of $2.745 billion in 2020-21 across the state to maintain and upgrade energy and water assets, enhancing the productive capacity of Queensland's businesses, industries and communities.

- To support the delivery of health services, capital expenditure of $1.625 billion will be invested in 2020-21. The government is investing $979 million for the Building Better Hospitals commitment to help address growing demand and $265 million to build seven satellite hospitals to enable acute hospitals to continue safely managing patients via alternative models of care across South East Queensland.
- To ensure Queensland's state schools and training assets are world-class and continue to meet demand, $1.917 billion will be invested in 2020-21. Investment in new schools is being facilitated through the $1.687 billion Building Future Schools Fund, while the Great Schools, Great Future commitment worth around $1 billion is helping provide new classrooms and facilities at existing schools to meet growing enrolments.
- Ongoing investment in social housing, including $526.2 million in 2020-21 to construct new dwellings, upgrade existing properties, and provide housing services including in Indigenous communities.
- A $590.4 million investment in key infrastructure to support the delivery of enhanced justice and public safety services, including $178 million over three years from 2019-20 on additional youth justice infrastructure.

Further information about the government's capital program is provided in Chapter 6 and the Capital Statement (Budget Paper 3).

3.3.5 Borrowing

Ensuring the health of all Queenslanders through this pandemic as well as laying the foundations for our economic recovery has had a substantial impact on Queensland's fiscal position. The pandemic led to sharp falls in key revenues, as well as a necessary increase in expenditure to respond to the crisis. In Queensland, as with all other jurisdictions, borrowings will be higher than forecast prior to the emergence of COVID-19.

The strong response to the pandemic was necessary, and Queensland was fortunate to enter this crisis in a robust fiscal position – with operating surpluses and debt reductions as a proportion of revenue and in absolute terms delivered through consecutive pre-crisis state budgets.

The government is focused on economic recovery and will deliver a growing infrastructure investment program which supports economic growth across Queensland and provides long-term employment opportunities.

Box 3.1 Borrowing Reporting

The Uniform Presentation Framework (UPF) provides financial information in a consistent and comparable way. The UPF groups financial reporting into the key institutional subsectors: General Government Sector; Public Non-financial Corporations sector; and Public Financial Corporations Sector. The Public Financial Corporations Sector does not form part of State Budget reporting.

General Government Sector primarily comprises government-funded departments such as the Departments of Health, Education and Transport and Main Roads. Queensland Treasury undertakes borrowings on behalf of General Government Sector entities through its financing arm Queensland Treasury Corporation (QTC). General Government Sector borrowing is estimated to be $61.263 billion by 30 June 2021.

Public Non-financial Corporations (PNFC) comprise various statutory authorities, government business enterprises and marketing bodies which provide goods and services on a commercial basis. Examples include the government-owned corporations (GOCs), Queensland Rail and Stadiums Queensland. Debt held by GOCs and other PNFC Sector entities is supported by their commercial activities. PNFC Sector borrowing is estimated to be $40.964 billion by 30 June 2021.

The Non-financial Public Sector (NFPS) is the consolidation of the General Government and PNFC sectors, with transactions between these sectors eliminated. NFPS borrowing is estimated to be $102.220 billion by 30 June 2021.

Net debt for each sector (reported in the UPF tables in Chapter 9) comprises interest bearing liabilities less selected financial assets, such as investments, and provides a measure of the overall strength of a jurisdiction's fiscal position.

While the nature and impact of the COVID-19 pandemic means increased borrowings are unavoidable, serviceability of borrowings remains strong. The government has benefited from interest rates trending lower over recent years reflecting an easing bias in central banks' monetary policy. The government is actively managing its borrowings by refinancing maturing higher cost debt at record low interest rates.

To better position the government in an environment of record-low interest rates, Treasury is actively reducing refinancing and interest rate risk by extending the duration of its debt maturities.

Through a combination of debt reductions and low interest rates Queensland General Government Sector interest expense as a proportion of revenue has declined over successive budgets with a smaller portion of state revenue required to service Queensland's debt.

General Government Sector interest expenses have fallen from a peak of $2.33 billion in 2014-15 to $1.49 billion in 2019-20, while the yields on Queensland Government bonds are comparable to those of our AAA related state peers.

Chart 3.1 shows that Queensland's interest expense is forecast to be around 3.1% of revenue in 2020-21, well below the peak in 2013-14 of 4.7%.

Chart 3.1 General Government Sector ratio of borrowing costs to revenue

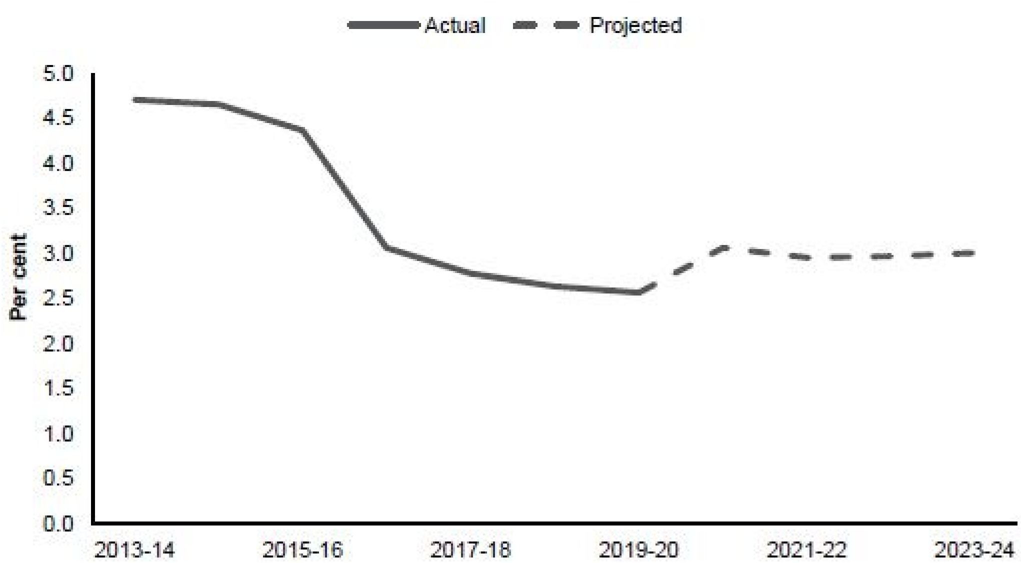
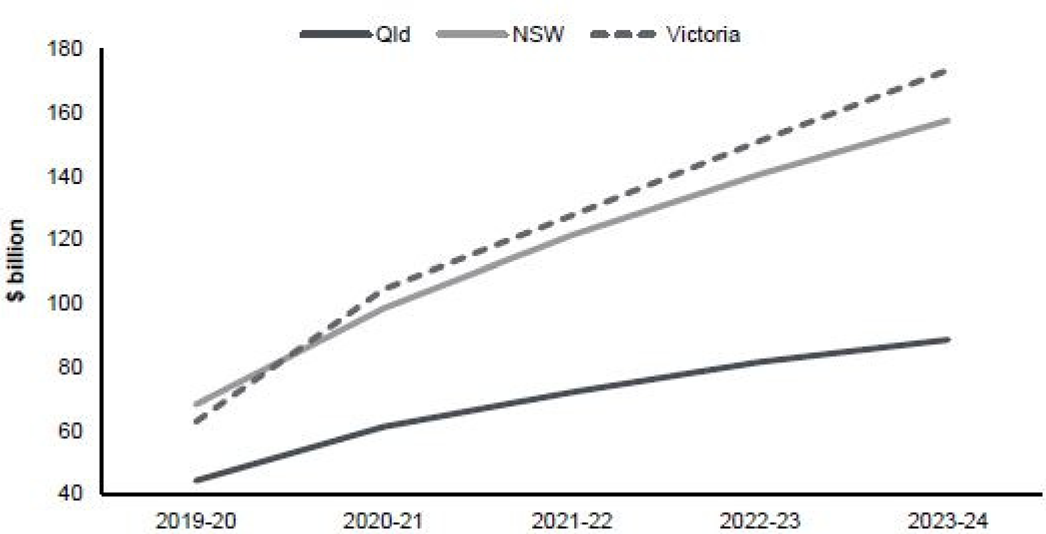


Chart 3.2 shows Queensland's borrowings compared to NSW and Victoria. While borrowings in Queensland will increase in response to the pandemic, they are expected to remain below that of New South Wales and Victoria and are also expected to increase by less over the forward estimates period.

Chart 3.2 State comparison of General Government Sector borrowing



Charts 3.3 and 3.4 show Queensland's ratio of debt to revenue compared to NSW and Victoria. The General Government ratio of debt to revenue in Queensland is expected to remain below that of New South Wales and Victoria across the forward estimates period, and the Non-financial Public Sector ratio of debt to revenue is expected to be lower from 2021-22 onwards.

Chart 3.3 State comparison of General Government Sector ratio of debt to revenue

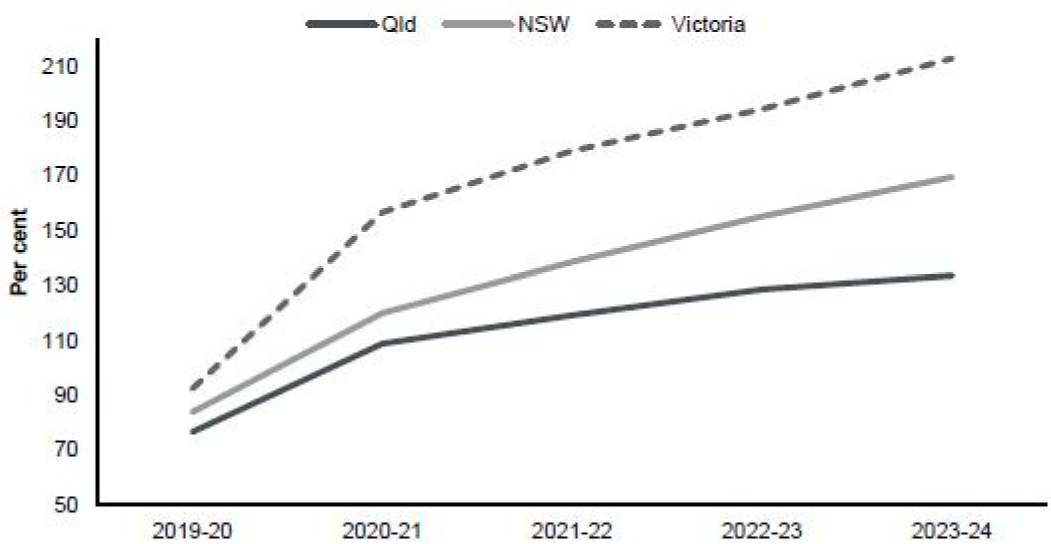
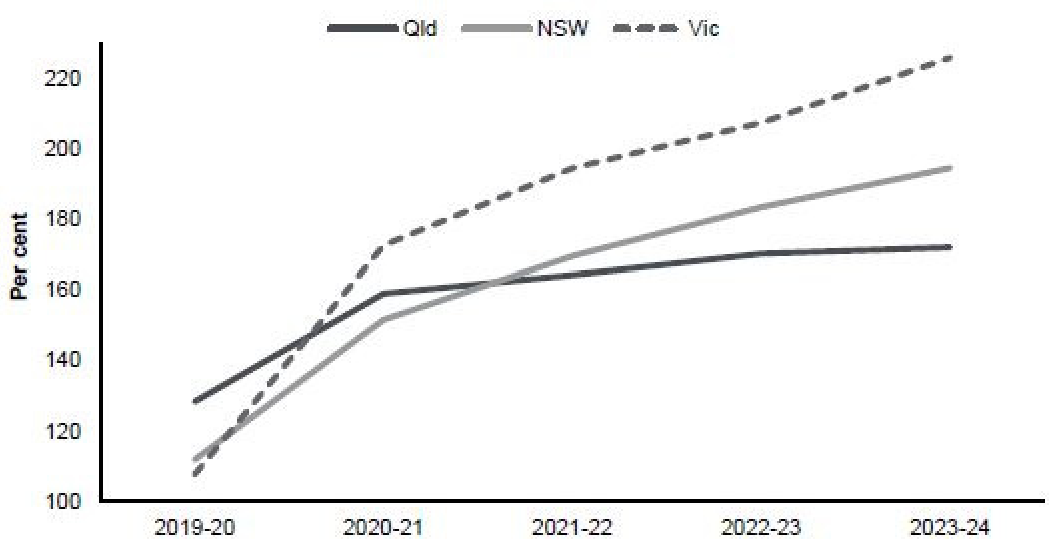


Chart 3.4 State comparison of Non-financial Public Sector ratio of debt to revenue



Box 3.2 Queensland Future Fund – Debt Retirement Fund

The *Queensland Future Fund Act 2020* (QFF Act) was assented to in August 2020. It established a framework for individual Queensland future funds, which the Treasurer is to administer under the *Financial Accountability Act 2009* (FA Act) as special purpose accounts.

The Queensland Future Fund – Debt Retirement Fund will be established under the provisions of the *Queensland Future Fund Act 2020* which requires that amounts withdrawn from the Debt Retirement Fund can only be used for reducing debt. The Queensland Future Fund – Debt Retirement Fund will be reported in Treasury's annual financial statements which are audited under the *Auditor-General Act 2009*.

The Debt Retirement Fund will hold state investments targeted for future growth to support current and future borrowings. This budget factors in over $5 billion of seed funding including the Titles Registry, equities and a contribution sourced from the long-term assets set aside for the Defined Benefit Superannuation Scheme liabilities.

The fund is expected to be established by 30 June 2021.

3.3.6 Emerging Fiscal Pressures

At any given time, issues exist with potentially significant adverse impacts. Until these issues have been considered by government or formal agreements are in place, it remains unclear if or when these issues will impact the state's financial position. Until there is greater certainty, the potential fiscal impacts of such issues are either not included or not fully included in the forward estimates. Other than ongoing uncertainties related to the COVID-19 pandemic, these include:

- Native Title Compensation Settlement: The government has a potential liability with respect to compensation arising from acts that have extinguished or impaired native title since 1975.
- Expiring agreements: Queensland's fiscal position is exposed to decisions made by the Australian Government, including not renewing funding for National Partnership payments (NPs) where there are ongoing community service needs that must be met. There are 11 non-infrastructure NPs expected to expire on 30 June 2021. The Australian Government has not allocated any funding beyond 2020-21 for Queensland's expiring agreements except for Essential Vaccines. Further information is provided in Chapter 7.

4 Revenue

Features

- The coronavirus (COVID-19) pandemic and the resulting domestic and global economic downturn is substantially impacting on the state's revenues. Compared with the outlook prior to COVID-19, total revenue has been revised downward across the forward estimates, with key revenue streams (GST, taxation and royalties) all substantially lower.
- Across the four years to 2022-23, total revenue is expected to be $12.279 billion lower than forecast at the 2019-20 Mid-Year Fiscal and Economic Review (MYFER).
    - This is driven by a $12.340 billion downward revision across key revenue streams. Specifically, forecast taxation revenue has been reduced by $4.518 billion across the four years, while GST and royalty revenues are $3.798 billion and $4.024 billion lower respectively.
    - In addition, a range of other smaller revenue items (including sales of goods and services, and dividend and income tax equivalent income) were also revised downward compared to the 2019-20 MYFER estimates.
    - The downward revisions are partially offset by upward revisions to a number of other revenues, including an increase in expected payments for specific purposes and other grants and contributions across the four years.
- In addition to the substantial impacts on key revenues due to the broad downturn in economic activity as a result of COVID-19 public health measures, reduced revenues in 2019-20 and 2020-21 also reflect the significant tax relief introduced by the Queensland Government to support Queensland businesses, particularly small to medium businesses.
- General Government Sector revenue totalled $57.764 billion in 2019-20. Primarily reflecting the impacts of COVID-19 in the June quarter 2020, this is $2.064 billion (3.5%) lower than in 2018-19 and $2.150 billion (3.6%) lower than estimated in the 2019-20 MYFER.
- Total General Government Sector revenue is estimated to fall further in 2020-21, down to $56.249 billion, a decrease of $1.515 billion (2.6%).
- The decrease in revenues in 2020-21 compared with 2019-20 primarily reflects the global, national and statewide impacts of COVID-19, as well as other external factors:
    - Royalties and land rents are expected to be $2.054 billion (43.8%) lower in 2020-21, due to lower coal prices and volumes, and lower oil prices impacting LNG values.
    - Taxation revenue is expected to be $255 million (1.7%) lower than in 2019-20, driven primarily by lower transfer duty revenue and lower payroll tax revenue, reflecting the substantial impacts of the COVID-19 crisis on employment and wages.
    - Payroll and land tax revenues have also been impacted by the tax relief measures implemented by the government to support businesses in response to COVID-19.

- Dividend and income tax equivalent income is expected to be $749 million (38.8%) lower than in 2019-20 due to regulatory determinations and weaker market conditions in sectors where Queensland Government Owned Corporations (GOCs) operate.

- Australian Government payments to Queensland in 2020-21 are expected to total $28.730 billion, representing an increase of $1.438 billion compared with payments in 2019-20. This increase is driven by a $938 million (52.0%) increase in Australian Government capital grants and a $561 million (4.4%) increase in payments for specific purposes.
- Key revenues are expected to rebound in 2021-22 and grow over the remainder of the forecast period as the economy recovers. Total revenue is expected to grow at an average rate of 3.5% over the four years to 2023-24, with average annual growth of 3.9% in taxation and 5.0% in GST, and a recovery in royalties from 2021-22 onwards.
- Importantly, Queensland is maintaining its competitive tax status, with per capita state tax estimated at $2,767 in 2020-21, compared to an average of $3,395 for the other states and territories. Taxation as a proportion of Queensland's GSP is expected to be stable at around 4.1% over the period from 2020-21 to 2023-24.

4.1 Impact of COVID-19 on key revenues

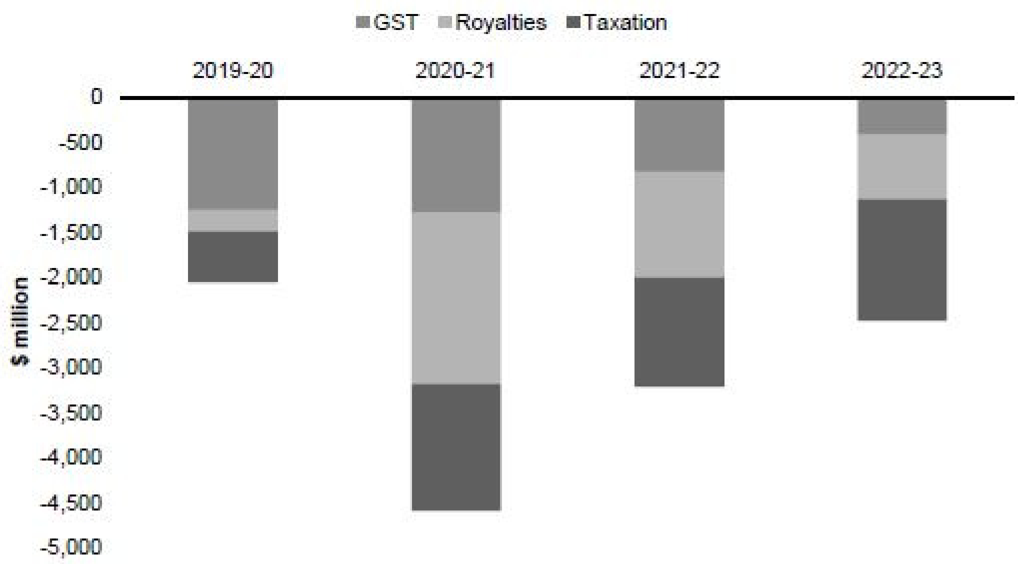
The COVID-19 pandemic and the resulting domestic and global economic downturn is substantially impacting on the state's revenues. Compared with the outlook prior to COVID-19, total revenue has been revised downward across the forward estimates, with key revenue streams (GST, taxation and royalties) all substantially lower.

The combined impact of the downward revisions to key revenues is estimated at $12.340 billion (or 8.7%) across the four years to 2022-23 compared with the 2019-20 MYFER. Specifically, forecast taxation revenue has been reduced by $4.518 billion (or 7.0%) across the four years, while GST and royalty revenues are expected to be $3.798 billion (or 6.6%) and $4.024 billion (22.0%) lower respectively.

By comparison, following the global financial crisis, key revenues were $9.658 billion lower over the four years from 2008-09 to 2011-12, compared with pre-GFC 2008-09 Budget Forecasts.

Chart 4.1 outlines the downward revisions to forecasts in key revenues since MYFER.

Chart 4.1 Reduction in key revenues since 2019-20 MYFER



4.2 2019-20 revenue – actuals

General Government Sector revenue in 2019-20 totalled $57.764 billion, which is $2.150 billion (or 3.6%) less than the 2019-20 MYFER estimate. Significant variations from the 2019-20 MYFER estimates include:

- a $1.251 billion (or 8.9%) decrease in GST revenue reflecting lower GST collections by the Australian Government during 2019-20 than previously expected.
- a $561 million (or 3.7%) decrease in taxation revenue. The downward revision partly reflects the impact of tax relief measures implemented by the Queensland Government to support business cashflows and viability in the face of the economic downturn.
- a $489 million (or 8.0%) decrease in sales of goods and services, driven by lower revenue from hospital fees and fees for service activities reflecting lower fees being charged due to the impact of COVID-19.

These decreases were partially offset by higher than estimated payments for specific purposes, which were driven by additional COVID-19 initiatives and priority road projects. For additional information refer to Chapter 7.

4.3 2020-21 revenue – forecasts

General Government Sector revenue in 2020-21 is estimated to be $56.249 billion, a decline of $1.515 billion (or 2.6%) compared with the 2019-20 actual.

The decrease in revenues expected in 2020-21 reflects a range of factors, primarily related to ongoing global, national and statewide impacts of COVID-19 as well as other external factors, including:

Royalty and land rent collections are expected to be $2.054 billion (or 43.9%) lower than in 2019-20. This decline is driven by lower coal prices and volumes, reflecting continued weaker global economic growth, as well as the recent sharp fall in oil prices flowing through to LNG values.

The impact on LNG royalties is expected to be partially offset by the introduction of the new volume-based model for petroleum and gas royalties, which replaced the current regime based on well head values from 1 October 2020.

Dividend and income tax equivalent income is expected to be $749 million (or 38.8%) lower than in 2019-20. This is primarily due to decreases in the electricity network sector, driven by Energy Queensland Limited's new regulated revenue determinations for the period of 1 July 2020 to 30 June 2025.

Taxation revenue is expected to be $255 million (or 1.7%) lower than in 2019-20. This reduction is driven primarily by lower transfer duty revenue, due to a sharp downturn in non-dwelling transfers, and lower payroll tax revenue, reflecting the substantial impacts of the COVID-19 crisis on employment and wages.

Both payroll and land tax revenue collections have also been impacted by the substantial tax relief measures implemented by the Queensland Government to support businesses in response to COVID-19.

These decreases were partially offset by an increase in capital grants, which are expected to be $955 million (or 51.9%) higher in 2020-21 than in 2019-20, and an increase in other current grants which are expected to be $558 million (or 4.3%) higher.

This increase is primarily due to additional funding related to: road projects; COVID-19 management and economic response initiatives; a back payment for Disability Care funding; additional Remote Indigenous Housing funding; and new funding for skills and workforce training (JobTrainer Fund).

The major sources of total General Government Sector revenue in 2020-21 are grants revenue (51.7%) and taxation revenue (25.5%). Table 4.1 details revenue estimates by category, and Chart 4.2 illustrates the composition of General Government Sector revenue.

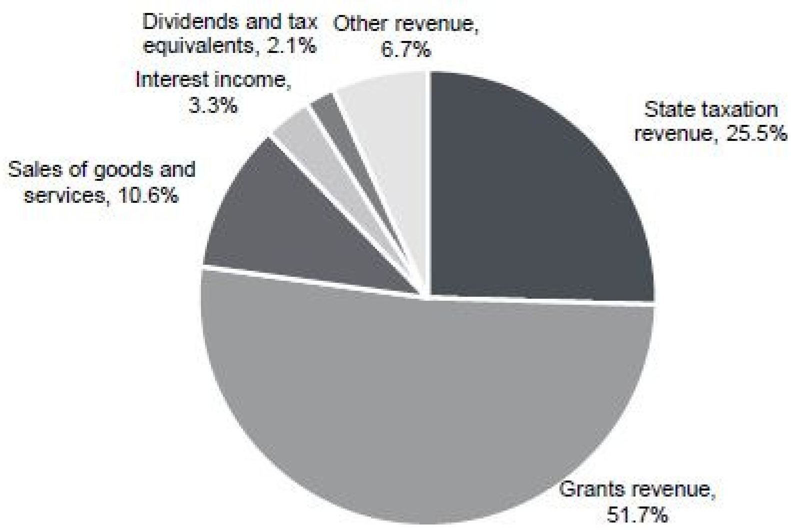
Table 4.1 General Government Sector revenue[1]

	2018-19 Outcome $ million	2019-20 Budget $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Taxation revenue	14,165	15,164	14,585	14,330	15,347	16,130	16,967
Sales of goods and services	5,783	6,004	5,618	5,975	6,152	6,243	6,532
Interest income	2,191	2,141	2,076	1,882	2,374	2,418	2,460
Grants revenue							
GST Revenue	14,332	14,214	12,761	12,701	13,887	14,711	15,535
Other current grants[2]	12,259	11,789	13,039	13,597	13,724	14,351	15,002
Capital grants	1,716	2,000	1,841	2,796	3,086	3,025	2,918
Dividend and income tax equivalent income							
Dividends	1,803	1,473	1,180	714	732	724	821
Income tax equivalent income	981	764	748	465	469	450	477
Other revenue							
Royalties and land rents	5,378	5,621	4,686	2,631	3,517	4,077	4,345
Other	1,220	1,217	1,229	1,157	1,216	1,265	1,271
Total revenue	**59,828**	**60,387**	**57,764**	**56,249**	**60,504**	**63,394**	**66,326**

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.

Chart 4.2 Revenue by operating statement category, 2020-21[1]



Notes:

1. Numbers may not add up to 100% due to rounding.
2. Chart prepared in line with Operating Statement categories. 'Other revenue' includes royalties and land rents, which comprise 4.7% of total revenues.
3. Grants Revenue includes direct Australian Government payments to Queensland departments for Commonwealth own-purpose expenditure.

4.4 Queensland's revenue trends

Following the forecast decline of 2.6% in 2020-21, total General Government revenue is expected to rebound in 2021-22, growing by 7.6%.

Total General Government revenue is then expected to grow by a further 4.8% in 2022-23 and 4.6% in 2023-24.

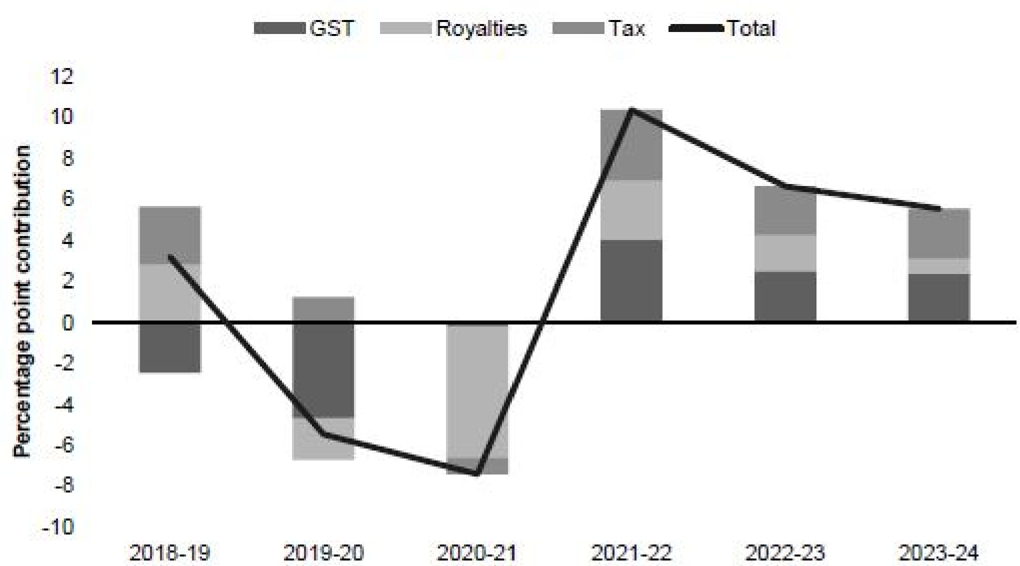
Declines in Queensland's revenues resulting from the upheaval in economic conditions caused by the COVID-19 pandemic are primarily reflected in three key state revenue sources: GST, royalties, and taxation.

The volatility in these revenues across the three years of 2019-20 to 2021-22 reflects the negative impacts of COVID-19 on global and domestic economic activity in late 2019-20 and the expected recovery in the domestic economy throughout 2020-21, but with ongoing impacts from the global economic downturn on activity and demand for key exports.

The solid but steady growth forecast in 2022-23 and beyond reflects the expected return to more normal economic conditions and activity levels over the forecast period.

Chart 4.3 examines the growth in revenue across the three key streams and the share of growth attributable to each key revenue item.

Chart 4.3 Growth in key revenues[1]



Note:

1. Annual contribution to growth in key revenues. Total is the annual growth of the sum of the three categories.

4.4.1 GST revenue trends

GST was the largest driver of overall revenue decline in 2019-20. The substantial downturn in national economic activity as a result of COVID-19, in particular in the June quarter 2020, had a major effect on aggregate GST collections (with the national GST pool falling 7.6% from 2018-19 levels) and this flowed through to substantially lower Queensland GST revenues. There has also been a sharp increase in unpaid GST debt, a portion of which is expected to be repaid during 2020-21.

In 2020-21, the ongoing impacts of COVID-19 and the social distancing and travel restrictions imposed to contain the spread of the virus have continued to negatively impact national consumption and dwelling investment, further reducing the national GST pool.

The impact on GST revenue has also been exacerbated in the short-term by COVID-19-induced changes in consumption patterns. In particular, during the 'lockdown' period, a larger proportion of household expenditure was spent on goods and services not subject to GST (e.g. exempted food items), while business closures also disproportionately impacted the supply (and, therefore, consumption) of some key taxable goods and services.

However, as the economy recovers, GST is expected to be the main driver of revenue growth across the forward years, with GST revenue expected to grow by 9.3% in 2021-22, 5.9% in 2022-23, and 5.6% in 2023-24, reflecting the expected rebound and ongoing recovery in national consumption.

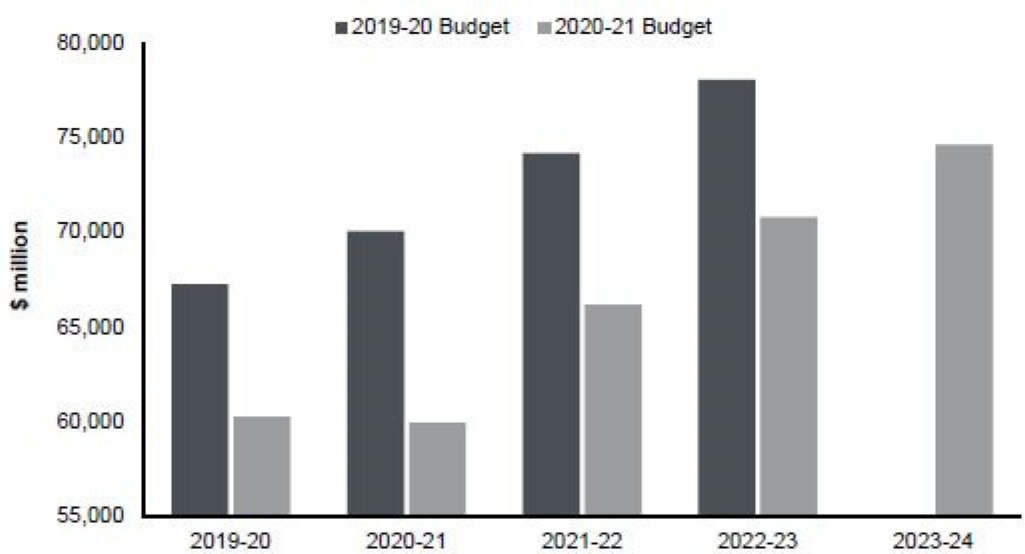
Revisions to the GST pool

The 0.5% decrease in estimated GST revenue in 2020-21 primarily reflects the Australian Government's estimates for the size of the GST pool. Since the Federal Budget 2019-20, the GST pool estimate is, in aggregate, around $32 billion lower over the years from 2019-20 to 2022-23.

Following the further decline in 2020-21, the Australian Government forecast the GST pool to rebound strongly in subsequent years, growing by 10.4% in 2021-22, 7.0% in 2022-23, and 5.4% in 2023-24. However, despite this forecast strong growth, the levels of the estimated GST pool in each of these years still remain below the levels forecast at the time of the 2019-20 Budget.

Chart 4.4 compares GST revenue pool forecasts published in the 2019-20 and 2020-21 Federal budgets (including Final Budget Outcome for 2019-20). This comparison highlights the extent to which the GST pool forecasts at the Federal Budget 2020-21 are materially lower in each year compared to the pre-COVID-19 forecasts in the Federal Budget 2019-20.

Chart 4.4 Australian Government forecast of GST revenue pool[1]



Note:

1. For 2019-20, 2020-21 Budget amount reflects actual GST entitlements as stated in the Australian Government Final Budget Outcome 2019-20

GST - Queensland's assessed fiscal capacity

In addition to the impact of the decline in the overall GST pool, the Australian Government accepted the Commonwealth Grants Commission's (CGC's) recommendation that Queensland's fiscal capacity for 2020-21 is slightly stronger compared to 2019-20, relative to other states and territories. This reduces the state's share of GST revenue compared to the previous year. The CGC's recommendation results from Queensland's:

- increased capacity to raise coal royalties
- lower assessed costs of providing urban public transport services, and
- greater share of Commonwealth payments.

The reduction is less severe than previous estimates because it takes into account changes to the CGC's method arising from its 2020 Methodology Review, which were net positive for Queensland. These included revisions to state natural disaster relief expenses, an increase in assessed rural road investment, and changes to the scope of the stamp duty assessment.

4.4.2 Royalty revenue trends

While a weaker global outlook was already affecting royalty revenues to some extent prior to COVID-19, the pandemic has impacted substantially on global demand for, and prices of, many key commodities, particularly coal and oil.

Total royalty revenue fell by 13.2% in 2019-20 compared to 2018-19, primarily driven by lower coal export volumes and prices.

Total royalty revenue is expected to fall by a further 45.2% in 2020-21. This is driven by a further decline in coal prices and volumes, reflecting continued weaker global economic growth and industrial production, as well as more recent impacts of Chinese import restrictions. The sharp fall in oil prices, reflecting the reduced global demand for energy, will also flow through to lower LNG values during 2020-21.

As the global economy recovers, total royalty revenue is expected to rebound in 2021-22, growing by 34.6%, followed by expected growth of 16.7% in 2022-23 and 6.8% in 2023-24.

4.4.3 Taxation revenue trends

As outlined in the COVID-19 Fiscal and Economic Review (C19-FER), the impacts on economic activity of COVID-19 and the foregone tax revenue resulting from the Queensland Government's tax relief measures to support Queensland businesses, have impacted substantially on taxation collections in 2019-20 and 2020-21.

However, as a result of the ongoing recovery in the domestic economy and Queensland labour market since June quarter 2020, taxation revenue in 2020-21 is now expected to be $495 million (or 3.6%) higher than forecast in the C19-FER.

In particular, payroll tax collections have improved in recent months, consistent with the turnaround in labour market outcomes in Queensland, while transfer duty collections have been supported by stronger than expected residential property turnover.

Residential transactions for October 2020 reached their highest level in over a decade with strong growth in both investor and homebuyers' activity. In addition, current incentives provided by both the Australian and State Governments have seen a pick-up in activity in the first home buyer market.

Gambling tax collections have also been above earlier expectations, likely to have been boosted by the substantial income support available in response to COVID-19. However, some moderation is expected over coming quarters as income support and welfare payments are normalised.

Despite the slightly improved outlook for some taxes in recent months, total taxation revenue is still expected to decline 1.7% in 2020-21, before rebounding to growth of 7.1% in 2021-22. The expected rebound in taxation revenue in 2021-22 reflects the lower base in 2020-21, with transfer duty and payroll tax expected to return to stronger growth as economic conditions improve.

Beyond 2021-22, a recovery in the non-residential sector is expected to support transfer duty revenue, while continued improvement in payroll tax collections should reflect the ongoing recovery in employment and wages. Future revenue should also be supported through additional OSR compliance activities. As a result, taxation revenues are forecast to record ongoing solid growth of 5.1% in 2022-23 and 5.2% in 2023-24.

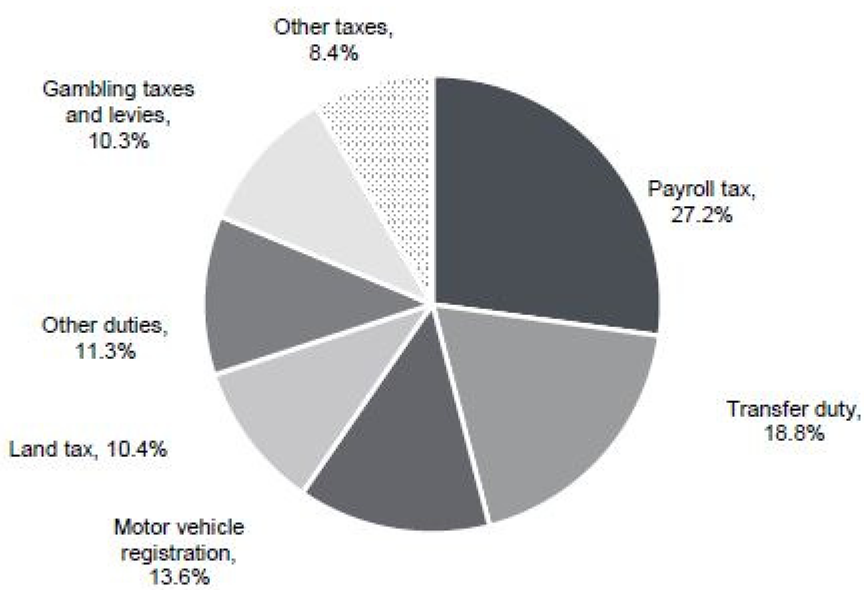
Given the expected future growth in taxation revenue is driven by the expected recovery in the Queensland economy as it recovers, taxation revenue as a proportion of Queensland's economy will remain relatively stable over this period, rising only slightly from 4.0% in 2020-21 to 4.1% in 2023-24, below the recent peak of 4.3% in 2014-15.

4.5 Taxation revenue

Chart 4.5 indicates the composition of estimated state taxation revenue for 2020-21, with the largest sources being payroll tax and transfer duty, together representing around 46.0% of the state's total taxation revenue.

Payroll tax generally has a relatively stable base, with its growth usually driven by the underlying strength of the economy. Transfer duty can be relatively variable, reflecting residential and non-residential market conditions. Land tax can also reflect variability in the property market, however any volatility in land tax collections is moderated substantially by the relatively stable base and the effect on assessments from three-year averaging of land values.

Chart 4.5 State taxation by tax category, 2020-21[1]



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. Decreases in 2020-21 are primarily driven by lower transfer duty revenue, due to a sharp downturn expected in dwelling and non-dwelling investment, and lower payroll tax revenue, reflecting the impacts of the COVID-19 crisis on employment and wages.

Table 4.2 State taxation revenue[1]

	2018-19 Outcome $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Payroll tax	4,160	4,211	3,896	4,304	4,611	4,923
Duties						
Transfer	3,195	3,041	2,694	2,953	3,157	3,381
Vehicle registration	555	533	548	567	593	620
Insurance[2]	956	1,016	1,033	1,090	1,155	1,223
Other duties[3]	37	34	32	32	32	33
Total duties	**4,743**	**4,624**	**4,307**	**4,643**	**4,937**	**5,257**
Gambling taxes and levies						
Gaming machine tax	734	617	773	780	804	832
Health services levy	89	77	117	101	109	117
Lotteries taxes	304	332	332	342	353	363
Wagering taxes	75	118	135	137	143	150
Casino taxes and levies	109	97	102	114	124	139
Keno tax	20	17	19	20	21	21
Total gambling taxes and levies	**1,333**	**1,258**	**1,477**	**1,495**	**1,553**	**1,622**
Other taxes						
Land tax	1,334	1,406	1,493	1,617	1,643	1,661
Motor vehicle registration	1,850	1,910	1,948	2,022	2,098	2,176
Emergency management levy	541	562	581	605	630	657
Waste disposal levy	n/a	295	305	334	334	330
Guarantee fees	156	272	277	282	278	294
Other taxes[4]	48	46	45	46	46	47
Total taxation revenue	**14,165**	**14,585**	**14,330**	**15,347**	**16,130**	**16,967**

Notes:

1. Numbers may not add due to rounding.
2. Includes duty on accident insurance premiums.
3. Includes duty on life insurance premiums.
4. Includes the Statutory Insurance Scheme Levy and Nominal Defendant Levy.

Box 4.1 COVID-19 relief measures

The impact of the COVID-19 pandemic on Queensland businesses has been significant and the government moved quickly to introduce substantial tax relief measures to support Queensland businesses, particularly small to medium businesses, including measures to support the cashflows and viability of landlords, tenants, as well as the state's pubs and clubs.

Details of the key tax relief measures are outlined below:

- Approving payroll tax refunds or holidays for more than 16,700 Queensland businesses, supporting their cashflows and viability, and helping to ensure the security of the workers they employ.
- Deferring payroll tax liabilities for more than 10,800 businesses, regardless of their size, so that no Queensland businesses eligible for deferral will have to make a payroll tax payment this calendar year and allowing businesses to pay deferred liabilities in instalments throughout 2021.
- Providing a payroll tax exemption for the subsidised component of wages paid under the Australian Government's JobKeeper program to ensure this support flows through to help businesses and their workers for the duration of the JobKeeper scheme.
- Land tax rebates for eligible properties for 2019-20 and 2020-21 to support eligible land tax payers and their commercial and residential tenants, as well as a 3-month deferral of land tax liabilities for all land tax payers for the 2020-21 assessment year and a waiver of the land tax foreign surcharge for the 2019-20 year.
- Deferral of lottery tax liabilities from July to December 2020 until March 2021 to assist businesses cashflows.

4.5.1 Queensland's competitive tax status

Taxation can impact on business decisions regarding investment and employment, as well as household investment and home ownership decisions. Maintaining the competitiveness of Queensland's tax system is critical to provide a competitive advantage to business and moderates the tax burden for citizens. As such, maintaining a competitive tax regime is fundamental to the government's commitment to job creation and supporting sustainable economic growth.

As Chart 4.6 shows, taxation per capita in Queensland is lower than the average taxation per capita in the other states and territories. In 2020-21, it is estimated that Queensland's taxation per capita of $2,767 will be $628 per capita less than the average of other jurisdictions. This highlights the ongoing competitiveness of Queensland's taxation regime.

Chart 4.6 Taxation per capita, 2020-21

Sources: 2020-21 Budgets for all jurisdictions except the ACT where 2020 Economic and Fiscal Update is used. Population data from Federal Budget 2020-21.

Other measures of tax competitiveness include estimates by the CGC of Queensland's tax effort compared with other jurisdictions, and the state's tax revenue as a proportion of the size of the state's economy.

The CGC's 2020 Review assessed that Queensland's tax effort in 2018-19 (latest available data) was 9.3% below the national average.

Revenue raising effort ratios are an indicator of the extent to which governments burden their revenue bases. The taxation effort metric is based on 2018-19 data from the CGC's 2020 Review using total tax revenue effort for assessed taxes (payroll, transfer duty, land tax, insurance duty and motor vehicle taxes).

In terms of the third measure of tax competitiveness (i.e. taxation as a share of GSP), this measure also confirms that Queensland's taxes are competitive, being below the average of the other states and significantly lower than the major southern states.

Table 4.3 summarises the estimates of these three measures compared with other jurisdictions and demonstrates that the Queensland tax system remains amongst the most competitive in Australia.

Table 4.3 Tax competitiveness

	NSW	Vic.	Qld	WA	SA	Tas.[3]	ACT[4]	NT[3]	Avg[5]
Taxation per capita[1]($)	3,888	3,118	2,767	3,318	2,534	2,256	4,548	2,113	3,395
Taxation effort (%)	102.8	103.1	90.7	97.4	93.3	92.4	149	81.1	100.0
Taxation % of GSP[2] (%)	4.8	5.0	4.0	2.9	4.0	3.9	4.7	2.0	4.3

Notes:

1. 2020-21 Budgets for all jurisdictions except the ACT where 2020 Economic and Fiscal Update is used. Population data from Commonwealth 2020-21 Budget.
2. 2019-20 data. Sources: Australian Bureau of Statistics ABS 5220.0 and 2020-21 Budgets for all jurisdictions except the ACT where 2020 Economic and Fiscal Update is used.
3. Low taxation per capita primarily reflects the lower revenue raising capacity of those jurisdictions.
4. Figures include municipal rates.
5. Weighted average of states and territories, excluding Queensland (aside from taxation effort, which is the average of all states).

4.5.2 Payroll tax

Reflecting the substantial impacts of COVID-19 on employment and wages, payroll tax is expected to decline by 7.5% in 2020-21, compared with 2019-20.

This decline in payroll tax also reflects the fact that, as part of the Queensland Government's Economic Recovery Plan, a number of payroll tax relief measures were implemented to support businesses in response to COVID-19. This included refunds, payment holidays and deferrals for eligible businesses, as well as a payroll tax exemption for JobKeeper payments.

As outlined above, payroll tax collections have improved somewhat in recent months, consistent with the turnaround in labour market outcomes in Queensland.

Payroll tax is expected to grow by an annual average of 8.1% from 2020-21 onwards, reflecting a recovery in employment and wage conditions, the expiry of 2019-20 Budget policy measures, and expected increased revenue resulting from additional OSR compliance activities.

4.5.3 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 the first $350,000 of dutiable value, rather than the normal scheduled rates of between 1.5% and 3.5%. 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.

Following their low point in May 2020 as social distancing restrictions and general COVID-19 uncertainty weighed on activity, transfer duty collections have recovered slightly since June with strong growth from investors and homebuyers. In addition, current government incentives are seeing a pick up in the first home buyer market.

However, after declining by 4.8% in 2019-20, revenue from transfer duty is expected to decline by a further 11.4% in 2020-21 largely due to weakness in the non-residential sector, which is partially offset by strong residential volumes.

Transfer duty is expected to grow by 9.6% in 2021-22, supported by continued strength in residential transactions. Going forward, with activity in the non-residential sector expected to pick up from 2022-23 onwards, transfer duty is expected to grow by 6.9% in 2022-23 and 7.1% in 2023-24.

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. Since 1 July 2018, an additional $2 per $100 of dutiable value applies for vehicles valued above $100,000.

Revenue from vehicle registration duty is expected to grow by 2.8% in 2020-21, and then grow at around 4.2% per annum across the forecast period.

4.5.4 Gambling taxes and levies

A range of gambling activities are subject to state taxes and levies.

The government provided gaming tax relief for Queensland pubs and clubs impacted by the effects of coronavirus, including a deferral of March 2020 gaming machines taxes until June 2021. In addition, lotteries taxes for July to December 2020 could be deferred, to be paid in full before 1 April 2021, including by instalments due before that date.

Total gambling tax and levy collections declined by 5.6% in 2019-20, largely due to the venue closures from late March 2020.

Recent collections indicate significant strength in gambling taxes since the re-opening of venues, suggesting a strong rebound in gaming activity. Total gambling tax and levy collections are expected to grow by 17.4% in 2020-21, partly reflecting the reduced impact of venue closures compared to the longer period of closures in 2019-20, followed by growth of 1.2% in 2021-22, 3.9% in 2022-23, and 4.4% in 2023-24.

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 landowner’s home is exempt.

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.

The Queensland Government has provided land tax relief measures to property owners affected by the COVID-19 outbreak, including:

- 25% rebate on 2019-20 and 2020-21 liabilities if providing commensurate rent relief, or if the property owner's ability to secure tenants has been affected by COVID-19;
- waiver of the 2% foreign surcharge for 2019-20; and
- three-month deferral of 2020-21 liabilities

Land tax revenue totalled $1.406 billion in 2019-20, 7.4% lower than estimated at the 2019-20 MYFER. This downward revision is partly driven by the impacts of the COVID-19 relief measures.

Land tax is expected to grow 6.2% in 2020-21 and 8.3% 2021-22, followed by more modest growth expected as a result of the lagged impact of the COVID-19-induced economic downturn on taxable land values.

4.5.6 Waste disposal levy

The waste disposal levy commenced on 1 July 2019 and applies to 39 local government areas, covering more than 90% of the state's waste generation and population. The levy is paid by landfill operators on wastes disposed to landfill. Exemptions from the levy exist for particular wastes, such as waste from declared disasters, waste donations to charitable recyclers, clean earth and lawfully managed and transported asbestos.

The levy commenced at $75 per tonne for general waste and is regulated to increase by $5 per tonne per annum for the first three years. The first annual increase of $5 per tonne was deferred by six months to 1 January 2021 to provide financial relief from the impacts of COVID-19. Seventy per cent of proceeds from the waste levy will be used for resource recovery and other programs that reduce the impact of waste and protect the environment and local communities.

Revenue from the waste disposal levy totalled $295 million in 2019-20. Revenue is forecast to grow by around 3.4% in 2020-21, and 9.4% in 2021-22. Following this revenue is forecast to remain stable in 2022-23 (growth of less than 0.1%) followed by a decline of 1.0% in 2023-24.

This reflects the annual increases in levy rates, offset by further anticipated behavioural changes in the amount of waste disposed to landfill.

4.5.7 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. As outlined previously in Box 4.1, the Queensland Government provided substantial support to Queensland businesses through tax relief measures in response to COVID-19.

The Tax Expenditure Statement (Appendix B) provides details of tax expenditure arrangements currently provided by the Queensland Government.

4.6 Grants revenue

Grants revenue is comprised of Australian Government grants (including GST), grants from the community and industry, and other miscellaneous grants. The 5.3% increase in grants revenue in 2020-21 is driven by increases in Australian Government Grants and specific purpose payments.

Table 4.4 Grants revenue[1]

	2018-19 Outcome $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Current grants						
GST revenue grants[2]	14,332	12,761	12,701	13,887	14,711	15,535
Total payments for specific purposes[3]	11,941	12,726	13,287	13,455	14,066	14,680
Other grants and contributions	317	313	310	269	285	321
Total current grants	**26,591**	**25,800**	**26,298**	**27,611**	**29,062**	**30,537**
Capital grants						
Australian Government grants	1,668	1,805	2,742	3,053	3,009	2,898
Other grants and contributions	48	37	54	33	17	20
Total capital grants	**1,716**	**1,841**	**2,796**	**3,086**	**3,025**	**2,918**
Total Australian Government payments	27,941	27,292	28,730	30,395	31,786	33,113
Total grants revenue	**28,307**	**27,641**	**29,094**	**30,697**	**32,087**	**33,454**

Notes:

1. Numbers may not add due to rounding.
2. Includes entitlements to payments associated with the ‘no worse off’ guarantee as part of the Australian Government changes to the GST distribution.
3. Queensland Treasury estimates. Differs from Chapter 7 due to the inclusion of direct Australian Government payments to Queensland agencies for Commonwealth own purpose expenditure and the exclusion of Australian Government capital grants, what are presented separately in this table.

4.6.1 Australian Government payments

Australian Government payments to Queensland in 2020-21 are expected to total $28.730 billion, representing an increase of $1.438 billion compared to payments received in 2019-20. This increase is driven by a $938 million increase in Australian Government Grants and a $561 million increase in total payments for specific purposes.

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.

Other grants and contributions, while only comprising a very small share of total grant revenues, are expected to decline by $3 million (0.9%) in 2020-21, compared to 2019-20. Other grants and contributions are expected to decline by 13.2% in 2021-22, followed by growth of 5.8% in 2022-23, and 12.9% in 2023-24.

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.

The COVID-19 pandemic has seen an unprecedented downgrade to the outlook for global economic growth in a short period of time. It has also resulted in reduced demand and substantially lower prices for key commodities, including coal and oil, to which LNG prices are linked. The impacts on expected royalties and land rents are detailed in Table 4.5.

Table 4.5 Royalties and land rents[1]

	2018-19 Outcome $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Coal	4,372	3,517	1,643	2,372	2,761	2,951
Petroleum[2]	454	466	308	467	635	702
Other royalties[3]	393	549	535	506	507	515
Land rents	159	154	146	172	174	176
Total royalties and land rents	**5,378**	**4,686**	**2,631**	**3,517**	**4,077**	**4,345**

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.

While a large proportion of Queensland's royalties and land rents come from coal mining, the majority of this revenue is attributable to the hard coking coal used in steel production.

Lower royalties collected from thermal coal mining reflects the smaller volume of this type of coal mined in Queensland, the lower values per tonne of thermal coal and the three-tiered coal royalty rate system, where lower value coal is charged a lower average royalty rate. Compared to coal, petroleum royalties make up a relatively smaller share of total royalties, though petroleum royalties have grown strongly over the last few years due to growth in the LNG industry.

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.

The Revenue and Expense Assumptions and Sensitivity Analysis (Appendix C) outlines key parameter assumptions, and the sensitivity of coal royalty estimates to individual changes in price, volume and exchange rate parameters.

4.7.1 Coal royalties

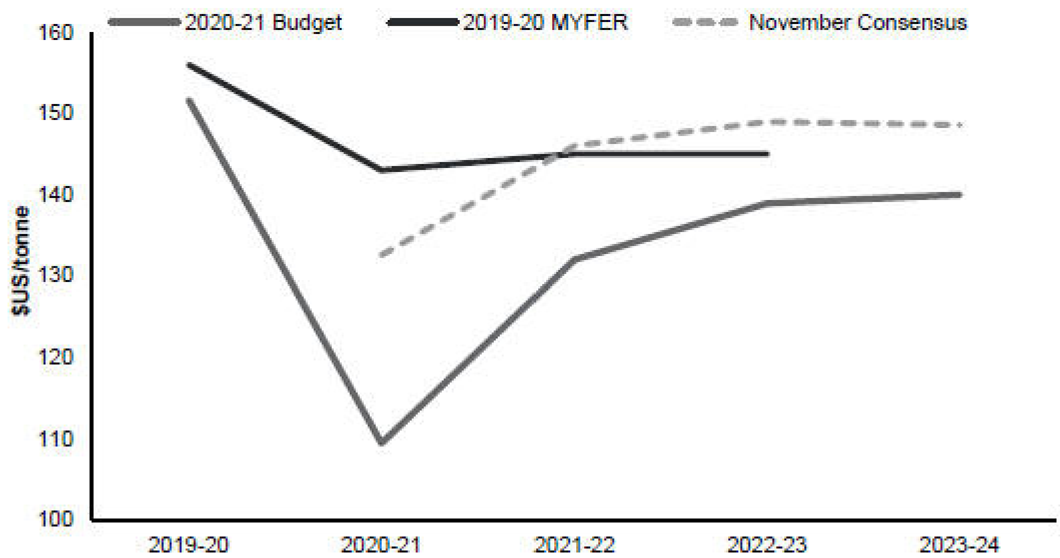
Coal royalties totalled $3.517 billion in 2019-20, 19.6% lower than in 2018-19 and 4.9% lower than forecast at the 2019-20 MYFER. Coal royalties are expected to fall a further 53.3% in 2020-21. This decline across the two years is driven by lower coal prices and volumes, reflecting weaker global economic growth, which was exacerbated significantly by the pandemic.

Some of the world’s largest steelmakers have scaled back operations due to a decline in steel demand, while restrictions in Japan and Korea are expected to reduce power demand. Ports data from Queensland’s major coal export ports indicates that Queensland’s coal exports were 13.5% lower over the financial year to October 2020.

On a year average basis, the premium hard coking coal price decreased by around 26% in 2019-20 to around $US152 per tonne and is expected to decline by a further 28% to $US109 per tonne on average in 2020-21. Hard coking coal prices are expected to partially recover to $US140 per tonne by mid-2023.

Chart 4.7 shows coking coal price forecasts compared to the 2019-20 MYFER outlook and average quarterly prices from the latest *Consensus Economics* forecasts. This shows that hard coking coal prices forecast at the 2019-20 MYFER (prior to the impacts of COVID-19 being known) are similar to the latest *Consensus Economics* forecasts. The downward revisions made to hard coking price forecasts since the 2019-20 MYFER reflects the impacts of COVID-19 and import restrictions have had on demand and therefore price.

Chart 4.7 Coking coal price forecasts by iteration

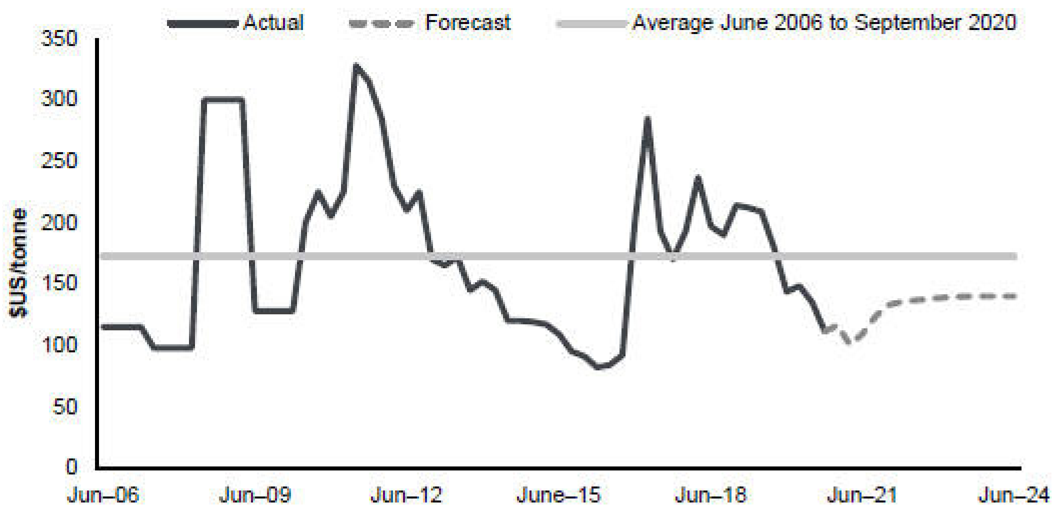


Sources: Consensus Economics and Queensland Treasury.

There remain significant downside risks in the short-term, including any further impacts from China's reported import restrictions. Reflecting the reduced demand in the first quarter, the continued impacts of COVID-19 and the uncertainty surrounding Australian access to the Chinese market, coal prices are expected to weaken further in early 2021. However, as the global economy begins to recover and demand for coal rebounds, prices are expected to move back towards a longer-term price of around US$140/t. This remains lower than recent coking coal prices, as shown in Chart 4.8.

As a result, coal royalties are expected to rebound 44.3% in 2021-22, before growth moderates to 16.4% in 2022-23 and 6.9% in 2023-24.

Chart 4.8 Coking coal price



Sources: 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. In 2019-20 revenue from petroleum and gas royalties totalled $466 million, 2.7% higher than 2018-19 but 15.1% lower than forecast at the 2019-20 MYFER.

While LNG export volumes are expected to be largely unaffected by the COVID-19, the pandemic has reduced global oil prices. This will materially impact LNG values in 2020-21 and petroleum and gas royalties are expected to decline by 34.0% in that year.

With OPEC+ (Organization of the Petroleum Exporting Countries plus Russia and other non-OPEC countries) committed to cutting production in order to sustain prices, the oil price is expected to gradually recover to US$60/bbl by June 2023 in line with growth in demand for oil as economies continue to re-open.

On 8 June 2020, the Queensland Government announced a new volume-based model. This model will replace the previous regime based on well head values from 1 October 2020. Under the volume-based model, royalties are calculated based on the volume of gas produced with rates moving in line with movements in prices.

Reflecting a combination of price recovery, volume growth and the new royalty arrangements, petroleum and gas royalties are forecast to grow by 52.0% in 2021-22, before growth moderates to 35.8% in 2022-23, and 10.7% in 2023-24.

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 increased by 39.9% in 2019-20, compared to 2018-19, supported by:

- increased metals volumes, with flooding in North Queensland having impacted volumes in 2018-19, and
- the finalisation of a number of significant compliance activities resulting in increased collections from penalties and interests.

A decline of 2.6% is expected in 2020-21 as collections resulting from compliance activities are anticipated to return to normal levels. This is partially offset by reassessment activities undertaken in late 2020 which increased revenue across metal and mineral royalty lines.

A further decline of 5.4% is expected in 2021-22, reflecting the return from the higher revenue collections from the reassessment of metal and mineral royalties. This is forecast to be followed by growth of 0.3% in 2022-23 and 1.5% in 2023-24.

4.7.4 Land rents

Revenue from land rents derived from mining and petroleum leases and pastoral holdings are expected to decline by 5.2% in 2020-21 primarily driven by a write down in rents during COVID-19 due to the government's relief.

Revenue from land rents are expected to rebound in 2021-22, and grow by 17.8%, driven by the expected recovery in the economy, as well as a tapering of drought relief rental deferrals due to moving into improved La Niña weather conditions. Revenue from land rents are expected to grow by around 1.3% in 2022-23 and 2023-24.

4.8 Sales of goods and services

Sales of goods and services revenue comprises the cost recovery from the Queensland Government providing goods or services. Table 4.6 provides a breakdown of the categories of goods and services captured in terms of these revenues.

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. The Concessions Statement (Appendix A) provides details of the concession arrangements provided by the Queensland Government.

Table 4.6 Sales of goods and services[1]

	2018-19 Outcome $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Fee for service activities	2,278	2,215	2,455	2,655	2,596	2,637
Public Transport: South East Queensland	360	289	221	346	376	414
Rent revenue	565	583	474	566	587	607
Sale of land inventory	33	34	76	79	111	107
Hospital fees	844	689	894	893	904	912
Transport and traffic fees	452	471	478	514	532	549
Other sales of goods and services	1,251	1,338	1,378	1,098	1,138	1,306
Total	**5,783**	**5,618**	**5,975**	**6,152**	**6,243**	**6,532**

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 above 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 to support superannuation and insurance liabilities.

Interest income is estimated to account for 3.3% of total General Government Sector revenue in 2020-21.

Interest income has been impacted by significant falls in interest rates and volatile market conditions over the past 12 months. Investment interest rates are expected to remain low in the short to medium term when compared with the long-term average. Reflecting this, interest income is expected to decline by 9.3% in 2020-21

Interest income is forecast to improve across the forward estimates, benefiting from increases in investments being made as part of the Queensland Future Fund – Debt Retirement Fund initiative (see Box 3.2 in section 3.3.5). As a result, interest income is expected to rebound in 2021-22, growing by 26.1%, followed by growth of around 2% in 2022-23 and 2023 24.

4.10 Dividend and income tax equivalent income

Dividend and income tax equivalent income accounts for 2.1% of total General Government Sector revenue in 2020-21.

Revenue from dividend and income tax equivalent income totalled $1.929 billion in 2019-20, $855 million lower than in 2018-19, and $258 million lower than expected at the 2019-20 MYFER. This is primarily due to decreases in the electricity generation sector, driven by a decline in wholesale electricity spot prices due to unfavourable economic conditions.

In 2020-21, dividend and income tax equivalent income is expected to decline by $749 million compared to 2019-20. This is primarily due to decreases in the electricity network sector, driven by Energy Queensland Limited's new regulated revenue determinations for the period of 1 July 2020 to 30 June 2025.

Dividend and income tax equivalent income is forecast to be stable across 2021-22 and 2022-23. Dividend and income tax equivalent income is expected to grow by 10.6% in 2023-24, driven by expected higher wholesale prices following the anticipated closure of the Liddell Power Station in New South Wales.

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 6.7% of total General Government Sector revenue in 2020-21. Royalties and land rents themselves account for 4.7% of revenue in 2020-21 and are discussed in detail in section 4.8.

The major fines and infringements included in this category are primarily issued by the Queensland Police Service and include fixed and mobile camera offences, speeding and tolling offences.

Revenue from fines and forfeitures is expected to grow by 12.5% in 2020-21, following a decline of 11.3% in 2019-20. This rebound is partially due to full year operation of mobile cameras compared to 2019-20 when operations were shut down for a month. The lower base in 2019-20 also likely reflects less traffic on the roads in the last quarter due to COVID-19, delays in the introduction of new cameras and the infringement rate being less than anticipated.

Revenue from fines and forfeitures is expected to grow a further 30.8% in 2021-22, partly driven by the introduction of new cameras that detect use of mobile phones and if seat belts are being worn.

Revenue not elsewhere classified includes assets contributed to the state and payments received for works delivered on behalf of government-owned corporations.

Table 4.7 Other revenue[1]

	2018-19 Outcome $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Royalties and land rents	5,378	4,686	2,631	3,517	4,077	4,345
Fines and forfeitures	458	406	457	597	641	642
Revenue not elsewhere classified	762	823	700	618	624	628
Total other revenue	**6,598**	**5,915**	**3,788**	**4,732**	**5,342**	**5,616**

Note:

1. Numbers may not add due to rounding.

5 Expenses

Features

- Having secured the ongoing safety of Queenslanders, the focus of the 2020-21 Budget switches to economic recovery. This budget targets initiatives, in line with the key focus areas of the government's Economic Recovery Plan, that will help drive job creation, business-led growth and sustainable public investment, as well as supporting the next wave of innovation and ensuring Queenslanders have the skills for the future.
- The government's policy response to the coronavirus (COVID-19) pandemic, as well as election commitments to support economic recovery over the longer term, have increased General Government Sector expenses across 2019-20 to 2023-24. Since 2019-20 MYFER, General Government expenses have increased by close to $11 billion over 2019-20 to 2022-23.
- The 2020-21 Budget incorporates the government's $4.3 billion of election commitments, of which expense measures make up over $1.7 billion across the four years to 2023-24.
- Expenses for 2020-21 are estimated to be $64.881 billion, an increase of $1.383 billion from 2019-20. The increase reflects the significant health response to the pandemic to keep Queenslanders safe and assistance provided to businesses and industry to stimulate economic recovery.
- Total expenses are projected to grow at an average annual rate of 1.6% over the four years to 2023-24. From 2021-22, revenues grow at a faster rate than expenses.
- General Government expenses are expected to increase $506 million in 2020-21 from the COVID-19 Fiscal and Economic Review (C19-FER) estimate of $64.375 billion largely due to election commitments and further COVID-19 health response measures.
- The government's Savings and Debt Plan will deliver savings of $3 billion over 2020-21 to 2023-24. In 2020-21, $352.2 million of the government's savings target has been realised through a range of measures.
- In 2020-21, the major areas of expenditure are health and education, which together constitute approximately 55.1% of General Government Sector expenses.

This chapter provides an overview of General Government Sector expenses for the forecast 2020-21 Budget year and projections for 2021-22 to 2023-24. The forward estimates are based on the economic projections outlined in Chapter 2.

5.1 2020-21 Budget and outyears

Table 5.1 General Government Sector expenses

	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Employee expenses	25,660	26,470	26,848	27,864	28,962
Superannuation interest costs	354	246	189	184	200
Other superannuation expenses	3,183	3,231	3,238	3,352	3,431
Other operating expenses	17,087	16,956	16,525	16,665	17,252
Depreciation and amortisation	4,033	4,251	4,416	4,580	4,775
Other interest expenses	1,486	1,725	1,790	1,884	1,996
Grants expenses	11,695	12,003	11,801	11,345	11,098
Total Expenses	**63,498**	**64,881**	**64,806**	**65,874**	**67,715**

General Government expenses across 2019-20 to 2023-24 reflect the significant COVID-19 expense measures taken to support business, households and industry through the crisis as outlined in the government's Economic Recovery Plan as well as election commitments to further economic recovery.

General Government Sector expenses of $64.881 billion in 2020-21 represent an increase of $1.383 billion (or 2.2%) over the 2019-20 outcomes. Key initiatives contributing to the growth in expenditure in 2020-21 include:

- *Queensland Health COVID-19 Response Plan* with additional funding to expand community screening, contact tracing, quarantine accommodation, compliance activities associated with COVID-19 Public Health Directions, elective surgery and appointments to reduce backlog, building critical supply reserves of medicine, medical equipment and personal protective equipment, and boosting mental health community treatment and support services.
- Business adaption grants to sustain small business operations and help build resilience in the post-COVID-19 economic recovery.
- Further economic stimulus announced in election commitments to support jobs and economic growth, and to strengthen frontline services. Election commitments include targeted assistance to the Queensland tourism industry, further small business grants, support for local community sporting infrastructure, a Queensland manufacturing package, and strengthening fire services.

In 2020-21 expenses growth has been tempered by savings of $750 million under the government's Savings and Debt Plan.

5.2 Expenses by operating statement category

As outlined in Chart 5.1, the largest expense categories in the General Government Sector in 2020-21 are employee and superannuation expenses (46.2%), followed by other operating expenses (26.1%) that reflect non-labour costs of providing goods and services to government and non-government recipients including transport service contract payments and repairs and maintenance.

Chart 5.1 Expenses by operating statement category, 2020-21

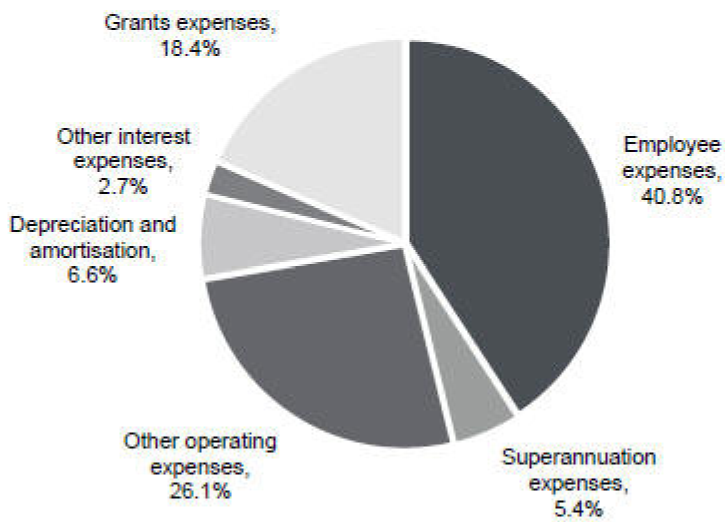
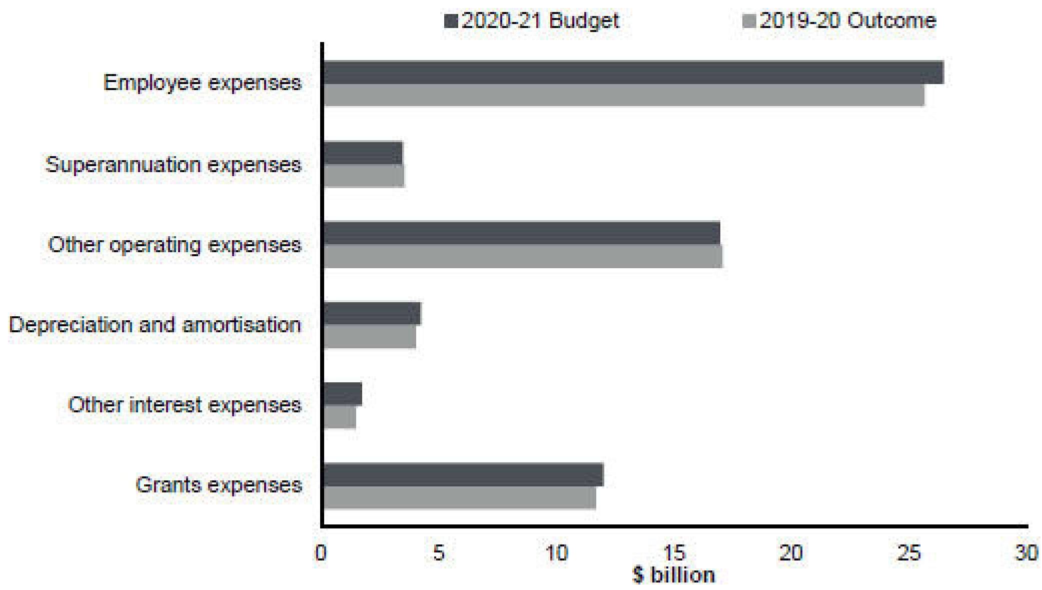


Chart 5.2 identifies the growth in expenses for each operating statement category between the 2019-20 outcomes and the 2020-21 Budget. The largest increase is in employee expenses, which primarily reflects workforce requirements to meet the ongoing demand for frontline hospital and health services and school enrolment growth.

Chart 5.2 Growth in expenses by operating statement category – 2019-20 outcomes to 2020-21 Budget



5.2.1 Employee expenses

Employee expenses include salaries and wages, annual leave and long service leave.

In 2020-21, employee expenses are expected to be $26.47 billion, $810 million or 3.2% higher than the 2019-20 outcomes. This reflects the increase in key frontline service areas of health and education due to demand for health services, and student population growth.

In addition, Queensland Health staff, teachers and police will receive additional leave for their efforts and response to the COVID-19 pandemic. Corrective Services employee expenses also increase in 2020-21 primarily because of two privately operated prisons returning to state run operations and expansion of the Capricornia Correction Centre.

The government has implemented a wage deferral of previously scheduled increases in General Government public sector wages during the 2020-21 financial year to partly offset the impact of its COVID-19 measures. Deferred wage increases will instead be applied six months after scheduled 2021-22 wage increases.

Full-time equivalents

The government is delivering on its commitment to revitalise frontline service delivery. This has contributed to Full Time Equivalents (FTE) increasing 33,133 (or 16.6%) from 2014-15 to 2019-20.

Between March 2015 and September 2020:

- teachers increased by 5,200 (or 12.36%)
- teacher aides increased by 1,628 (or 17.47%)
- nurses increased by 7,853 (or 28.13%)
- health practitioners increased by 1,796 (or 18.17%)
- doctors increased by 2,409 or (30.38%)
- ambulance officers increased by 832 (or 22.44%)
- police officers increased by 745 (or 6.63%)
- firefighters increased by 143 (or 5.95%)

As at September 2020, around 91.25% of public servants were engaged in frontline and frontline support roles.

FTEs are estimated to increase by around 6,168 in 2020-21. The overall average annual growth rate over 2019-20 to 2023-24, based on current estimates, is 1.83%. This compares to an estimated Queensland population growth of 1¼ % annually.

One of the recommendations from the Coaldrake review (discussed further in Box 5.1) was to nuance the representation of Fiscal Principle 6 to expand disclosure to show health and education growth separately from the rest of the sector.

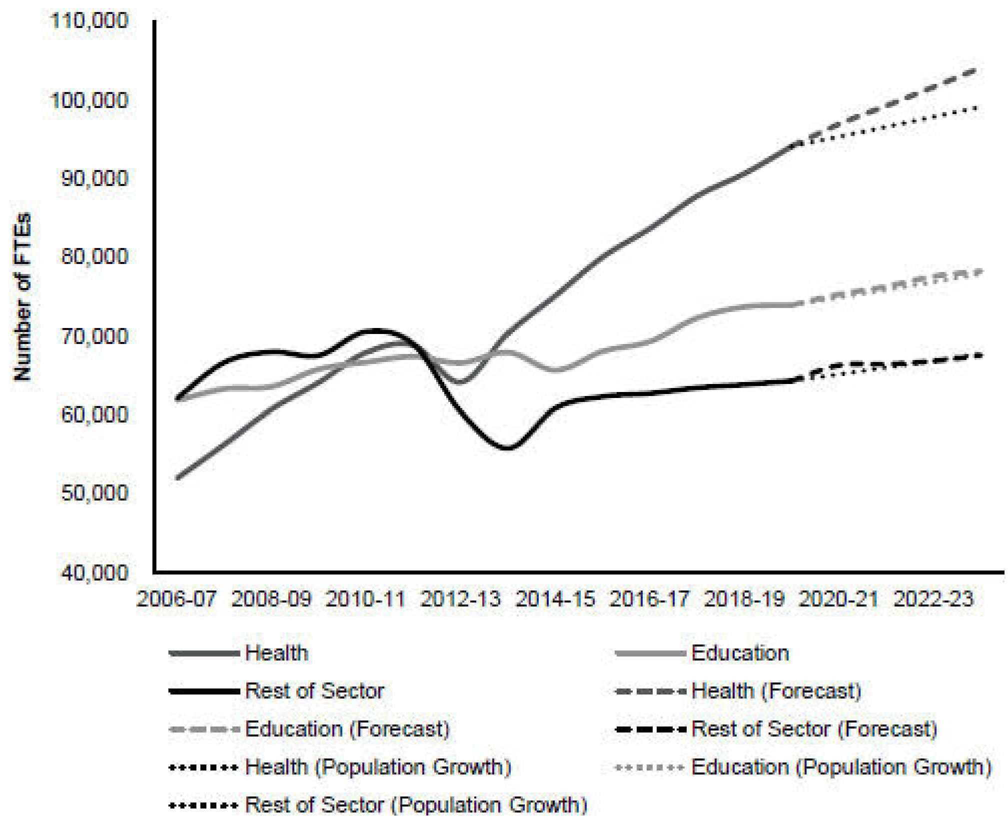
In response, Chart 5.3 shows the breakdown of actual FTE growth from 2006-07 to 2019-20 and estimated FTEs from 2020-21 to 2023-24, with health and education shown separately from the rest of the sector. Estimated FTEs for health, education and rest of sector are compared to forecast population growth.

Chart 5.3 demonstrates the growth in health (including Queensland Ambulance Service (QAS) is expected to be higher than the population growth, though not as strong as in previous years. Commonwealth health funding is based on activity and demand principles, not population growth.

The growth embedded in health and education agreements with the Australian Government is one of the primary drivers of the growth in health and education expenditures and employee numbers, the effects which can be seen in Chart 5.3.

Growth in other agencies is slower, with many remaining relatively flat or declining due to changes in service delivery, for example due to the introduction of the NDIS, as well as the introduction of FTE Caps for 2020-21.

Chart 5.3 Education, Health and Rest of Sector departmental FTEs[1]



Note:

1. 2020-21 to 2022-23 are forecasts.

The government is also committed to ensuring that public service staff are located where they are needed in the community. Around 47% of FTEs are located outside Greater Brisbane, of which around 96% are engaged in frontline and frontline support roles. Regional Action Plans show increases in key service delivery occupations across the regions.

Box 5.1 Public Sector FTE Reporting

The Queensland Government is continuously examining ways to improve the Queensland public sector and its ability to meet the needs of Queenslanders. To ensure the Queensland public sector is the most responsive, consistent and reliable public service possible, the Queensland Government commissioned the *Review into the Queensland Public Sector Workforce Reporting* (Coaldrake Review).

The Coaldrake Review comprised of two stages and three reports and makes 13 recommendations for the government. The government has accepted or accepted in principle all the recommendations, which included:

- adopting a single, authoritative and immediately retrievable workforce database
- replacing the quarterly Workforce Profile Reports with half-yearly reports covering sector wide analysis of trends and other matters as required by government from time to time
- adopting a consistent approach to the reporting and monitoring of the indirect workforce (e.g. contractors and consultants) which supports the Queensland public sector.

In response to these recommendations, the Public Service Commission (PSC) changed its FTE methodology from 1 July 2019 to reduce the inconsistencies in data collections. The FTE collection is now based on “actual placement positions” with the public sector workforce calculated based on where employees are paid, not where their substantive appointment was. In addition, the PSC has changed and enhanced the Workforce Profile Report to provide strategic workforce information on a half-yearly basis.

The *Indirect Workforce Policy: Collection, Monitoring and Reporting* was approved by the PSC Board in September 2020 introducing additional agency quarterly reporting requirements for indirect workforce expenditure. This information will facilitate improved reporting and monitoring of the indirect workforce.

Table 5.2 shows the funded FTE positions by department and includes statutory bodies, commercial business units and other government entities. The staffing tables in the Service Delivery Statements (SDS) show FTEs for the departmental component only. The notes to Table 5.2 identify where differences arise between Table 5.2 and the SDS staffing tables.

The 12 November 2020 machinery of government changes resulted in changes to many Departments. Two separate tables are presented below for the 2019-20 Actuals and the 2020-21 Budget.

Table 5.2 Funded Controlled FTE positions by Department

Pre-machinery of government changes	2019-20 Actuals
Aboriginal and Torres Strait Islander Partnerships	293
Agriculture and Fisheries	2,124
Child Safety, Youth and Women	3,384
Communities, Disability Services and Seniors	1,767
Education	73,971
Electoral Commission of Queensland	76
Employment, Small Business and Training[1]	4,501
Environment and Science[2]	2,992
Housing and Public Works	5,356
Justice and the Attorney General	3,455
Local Government, Racing and Multicultural Affairs	174
Natural Resources, Mines and Energy	2,469
Office of the Inspector-General Emergency Management	22
Premier and Cabinet	457
Public Safety Business Agency	1,098
Public Service Commission	60
Queensland Audit Office	190
Queensland Corrective Services	5,499
Queensland Fire and Emergency Services	3,358
Queensland Health[3]	94,117
Queensland Police Service	15,580
Queensland Treasury	1,187
Regional Development and Manufacturing[4]	1
State Development, Tourism and Innovation	861
The Public Trustee of Queensland	600
Transport and Main Roads[5]	7,333
Youth Justice	1,511
Total	**232,436**

Notes:

1. The Employment, Small Business and Training figure includes FTEs for the Department of Employment, Small Business and Training of 577 and TAFE 3,924.
2. The Environment and Science figure includes FTEs for the Department of Environment and Science of 2,922 and Corporate Administration Agency of 70.
3. The Health figure includes FTEs for Health (including HHSs) of 89,227 and Queensland Ambulance Service 4,890.
4. The Department of Regional Development and Manufacturing also had 38 FTEs seconded in from the former Department of State Development, Tourism and Innovation.
5. The Transport and Main Roads figure includes FTEs for the Department of Transport and Main Roads of 6,054 and RoadTek of 1,279.

Post-machinery of government changes	**2020-21 Budget[1]**
Agriculture and Fisheries	2,115
Children, Youth Justice and Multicultural Affairs	5,105
Communities, Housing and Digital Economy[2]	3,958
Education	75,334
Electoral Commission of Queensland	76
Employment, Small Business and Training[3]	4,542
Energy and Public Works[4]	1,704
Environment and Science	2,867
Justice and the Attorney General	3,660
Office of the Inspector-General Emergency Management	22
Premier and Cabinet	457
Public Safety Business Agency	1,134
Public Service Commission	63
Queensland Audit Office	191
Queensland Corrective Services	6,245
Queensland Fire and Emergency Services	3,516
Queensland Health [5, 6]	96,939
Queensland Police Service	15,841
Queensland Treasury	1,111
Regional Development, Manufacturing and Water	423
Resources	1,668
Seniors, Disability Services, and Aboriginal and Torres Strait Islander Partnerships	2,030
State Development, Infrastructure, Local Government and Planning	1,034
The Public Trustee of Queensland	637
Tourism, Innovation and Sport	420
Transport and Main Roads[7]	7,512
Total	**238,604**

Notes:

1. The 2020-21 Budget reflects machinery of government changes.
2. The Communities, Housing and Digital Economy figure of 3,958 includes FTEs for the Department of Communities, Housing and Digital Economy of 2,760, CITEC of 300, Queensland Shared Services of 824 and Corporate Administration Agency of 74.
3. The Employment, Small Business and Training figure includes FTEs for the Department of Employment, Small Business and Training of 588 and TAFE 3,954.
4. The Energy and Public Works figure of 1,704 includes FTEs for the Department of Energy and Public Works of 387, QFleet 39 and QBuild of 1,278.

5. Following a change in policy from 1 June 2020, all non-contractual staff are now accounted for under the Department of Health rather than the HHSs. Most of the forecast increase will occur within the Hospital and Health Services which make up of approximately 86% of Queensland Health's total FTEs, to support the delivery of health care services and achieve performance targets in relation to patient care. Growth will also occur in the Queensland Ambulance Service and Pathology Queensland due to increased demand and services relating directly to patient care. The Department of Health will also increase its workforce through additional temporary FTEs required to establish the Queensland Government Critical Supply Reserve. It is noted all COVID-19 specific temporary FTEs are excluded from the calculation of the FTE cap and will continue to be reported separately as a variance.
6. The Queensland Health figures include FTEs for Health (including HHSs) of 92,091 and Queensland Ambulance Service of 4,848.The Energy and Public Works figure of 1,704 includes FTEs for the Department of Energy and Public Works of 387, QFleet 39 and QBuild of 1,278.
7. The Transport and Main Roads figures include FTEs for the Department of Transport and Main Roads of 6,233 and RoadTek of 1,279.

5.2.2 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 at the beginning of the year. Rates declined in 2019-20 comparative to 2018-19 and are expected to remain subdued across the forward estimates, resulting in lower superannuation interest costs in 2020-21 and across the remaining forward estimates. 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).

5.2.3 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 2020-21, other operating expenses are expected to be $16.956 billion, a decrease of $132 million, or 0.8%, lower compared to the 2019-20 outcomes.

Initiatives under the *Queensland Health COVID-19 Response Plan* and the Cross River Rail project increase other operating expenses significantly in 2020-21 comparative to the 2019-20 Outcome. However, this growth in expenditure is more than offset by the largely one-off provisioning in 2019-20 for historical serious physical child abuse following the removal of the limitation period for civil claims and an increase in expected historical child sexual abuse.

In 2020-21, the moderate decline in other operating expenses also reflects nearly $400 million in utility assistance to households as part of the government's immediate stimulus package in 2019-20 and Department's allocated savings targets under the government's Savings and Debt Plan in 2020-21.

5.2.4 Depreciation and amortisation

Depreciation and amortisation expenses 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 in all years of the forward estimates as the General Government capital program rolls out

5.2.5 Other interest expenses

Other interest expenses include interest paid on borrowings, finance leases and similar arrangements to acquire capital assets and infrastructure such as roads and government buildings.

Other interest expenses are estimated to increase $238 million in 2020-21 to $1.725 billion compared to $1.486 billion in 2019-20.

Interest costs have risen due to the COVID-19 support and recovery measures and lower cash inflows for GST, royalties and taxes increasing General Government borrowings.

However, interest expenses across the forward estimates remain below the recent peak of $2.328 billion in 2014-15.

5.2.6 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 Grant expenses[1]

	2019-20 Outcome $ million	2020-21 Budget $ million
Current		
Grants to local government	696	605
Grants to private and not-for-profit organisations		
State funding for non-state schools	712	757
Australian Government funding for non-state schools	3,152	3,068
Other	2,299	2,172
Grants to other sectors of government		
Community service obligations to PNFCs	508	475
Other payments to PNFCs	51	43
Other (includes payments to NDIA)	1,579	2,013
Other	968	632
Total current grants	**9,964**	**9,764**
Capital		
Grants to local government	1,070	1,330
State funding for non-state schools	100	101
Grants to private and not-for-profit organisations	430	657
Payments to PNFCs	33	20
Queensland First Home Owners' Grants	96	129
Other	2	2
Total capital grants	**1,731**	**2,238**
Total current and capital grants	**11,695**	**12,003**

Note:

1. Numbers may not add due to rounding

In response to the COVID-19 pandemic the government has provided significant stimulus and economic recovery packages to households, business and industry increasing grants expenses considerably in 2019-20 and 2020-21.

In 2019-20, grants expenses totalled $11.695 billion. Immediate stimulus was provided to businesses through payroll tax and land tax rebates as part of tax relief measures and electricity rebates for small businesses.

In 2020-21, total grant expenses are estimated to be $12.003 billion, $308 million higher than 2019-20.

COVID-19 pandemic recovery measures increasing grants expenses in 2020-21 include:

- The COVID Works for Queensland program to support jobs and provide economic stimulus to local economies.
- Small business grants to sustain and build businesses in Queensland.

- Support for workers and jobseekers, including the JobTrainer Fund, Hydrogen Apprenticeship Centre, Renewable Energy Training Facility in South East Queensland and extension of the Back to Work program.
- Financial assistance to the tourism sector including funding to grow tourism infrastructure, Queensland tourism icon projects, backing regional tourism and support for the aviation industry.
- Grants for local community sporting infrastructure.

Grants are also higher in 2020-21 due to the introduction of the Resource Community Infrastructure Fund, disaster-related grants to local councils and primary producers and payments to local councils for the Queensland waste levy.

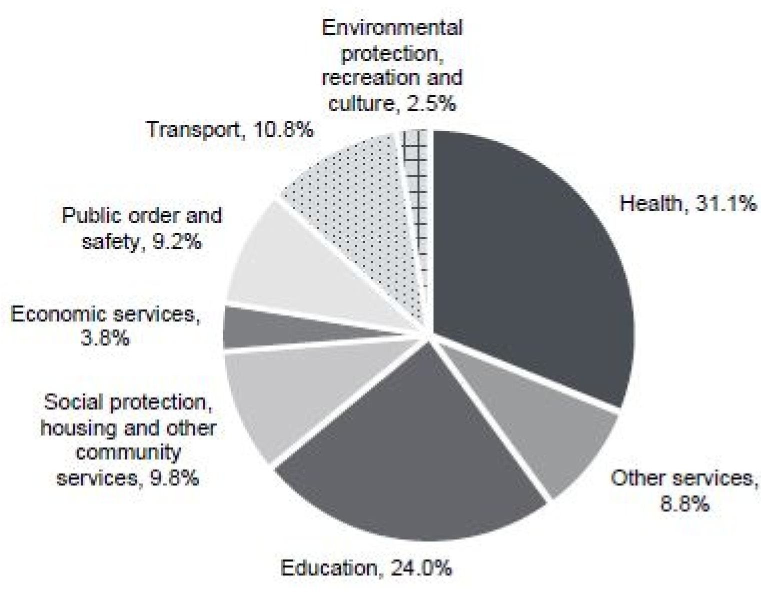
As mentioned above, rebates of land tax, payroll tax and electricity costs made to businesses in 2019-20 partially offset the increase in COVID-19 recovery measures in 2020-21. Furthermore, the Australian Government again made advance payment of the 2020-21 Financial Assistance Grants to local councils in 2019-20.

5.3 Operating expenses by purpose

Chart 5.4 indicates the proportion of expenditure by major purpose classification for the 2020-21 Budget. Health accounts for the largest share of expenses (31.1%) followed by Education (24%).

The COVID-19 pandemic has resulted in a significant increase in health expenditure in 2020-21, increasing the function's relative percentage of total General Government expenses comparative to most other expenditure classification by purpose.

Chart 5.4 General Government Sector expenses by purpose, 2020-21



5.4 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 can also be obtained from departmental SDS.

Table 5.4 Departmental controlled expenses[1]

	2019-20 Outcome $000	2020-21 Budget $ 000
Aboriginal and Torres Strait Islander Partnerships[2]	64,123	21,089
Agriculture and Fisheries	600,460	556,493
Children, Youth Justice and Multicultural Affairs[3]	N/A	1,735,041
Communities, Housing and Digital Economy[3]	N/A	2,177,045
Education	10,050,111	10,292,349
Electoral Commission of Queensland	65,374	96,095
Employment, Small Business and Training	1,107,513	1,463,902
Energy and Public Works[3]	N/A	531,128
Environment and Science	831,602	897,835
Health Consolidated[4]	19,455,763	20,199,251
Inspector General Emergency Management	4,608	4,722
Justice and Attorney-General	641,011	758,175
Legislative Assembly	103,397	104,371
Office of the Governor	7,263	7,440
Office of the Ombudsman	9,154	9,467
Premier and Cabinet	106,750	117,514
Public Safety Business Agency	413,060	322,598
Public Service Commission	14,392	14,321
Queensland Audit Office	43,750	44,957
Queensland Corrective Services	1,013,641	1,058,207
Queensland Fire and Emergency Services	818,120	800,737
Queensland Police Service	2,483,420	2,507,205
Queensland Treasury	270,246	467,862
Regional Development, Manufacturing and Water[3]	N/A	123,852
Resources	N/A	403,399
Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships[3]	N/A	375,549
State Development, Infrastructure, Local Government and Planning[3]	N/A	582,699
The Public Trustee of Queensland	95,209	92,335
Tourism, Innovation and Sport[3]	N/A	494,626
Transport and Main Roads	6,323,132	6,702,237
Youth Justice[2]	260,954	96,277

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. Department was abolished on the 12 November 2020 as part of machinery of government changes.
3. As a result of machinery of government changes there is no corresponding agency representative to show 2019-20 Outcomes and as such this column is shown as N/A. 2019-20 Annual Reports for all state departments have been published.
4. This represents Health Consolidated in the Service Delivery Statement, which consolidates Queensland Health controlled, the Hospital and Health Services, and Queensland Ambulance Service.

Table 5.5 Departmental administered expenses[1]

	2019-20 Outcome $ 000	2020-21 Budget $ 000
Aboriginal and Torres Strait Islander Partnerships[2]	10,341	2,274
Agriculture and Fisheries	108,324	235,144
Children, Youth Justice and Multicultural Affairs[3]	N/A	4,827
Communities, Housing and Digital Economy[3]	N/A	137,850
Education	4,069,243	4,113,649
Electoral Commission of Queensland	188	
Energy and Public Works[3]	N/A	264,517
Environment and Science	154,769	75,822
Health Consolidated[4]	34,474	69,300
Justice and Attorney-General	414,713	495,518
Premier and Cabinet	116,967	157,066
Queensland Police Service	739	725
Queensland Treasury	6,536,127	6,998,419
Regional Development, Manufacturing and Water[3]	N/A	26,481
Resources[3]	N/A	264,524
Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships[3]	N/A	2,444,258
State Development, Infrastructure, Local Government and Planning[3]	N/A	725,547
The Public Trustee of Queensland	972	680
Tourism, Innovation and Sport[3]	N/A	128,766
Transport and Main Roads	579	71,899

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. Department was abolished on the 12 November 2020 as part of machinery of government changes.
3. As a result of machinery of government changes there is no corresponding agency representative to show 2019-20 and as such this column is shown as N/A. 2019-20 Annual Reports for all state departments have been published.
4. This represents Health Consolidated in the Service Delivery Statement, which consolidates Queensland Health controlled, the Hospital and Health Services, and Queensland Ambulance Service.

6 Balance sheet and cash flows

Features

- Total borrowing at 30 June 2020 for the General Government Sector and Non-financial Public Sector (NFPS) was $44.267 billion and $84.96 billion respectively, in line with the projections in the 2020-21 COVID-19 Fiscal and Economic Review (C19-FER).
- In 2020-21, total borrowing for the General Government Sector is forecast to be $61.263 billion, comprising $53.501 billion in borrowing with QTC and $7.762 billion in leases and other similar arrangements and securities and derivatives. NFPS total borrowing for 2020-21 is projected to be $102.22 billion, with $93.467 billion of borrowing with QTC, $8.033 billion of leases and other similar arrangements and $720 million of securities and derivatives.
- As the government implements the Economic Recovery Plan in response to the coronavirus (COVID-19) pandemic, borrowing will continue to increase across the forward estimates.
- In the C19-FER, the government committed to maintaining a $51.8 billion infrastructure investment program. The total capital program for this 2020-21 Budget is $56.031 billion.
- The Non-financial Public Sector capital program for the period 2020-21 to 2023-24 comprises $45.373 billion of purchases of non-financial assets (PNFA) and $6.98 billion of capital grant expenses as well as acquisitions of non-financial assets under finance leases and similar arrangements of $3.678 billion.
- As the state recovers from the pandemic, positive NFPS operating cash flows of $11.618 billion projected from 2021-22 to 2023-24 will contribute to the deployment of the record capital program by partially funding $34.342 billion of PNFA over the same period.
- Non-financial assets and other liabilities will increase significantly from 2019-20 to 2020-21 due to the first-time adoption of the new accounting standard AASB 1059 *Service Concession Arrangements*. This adjustment does not have any economic impact on the state's finances.

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. The government's ability to respond to the financial and economic pressures brought about by the COVID-19 pandemic reinforces the importance of a strong and flexible balance sheet, with the capacity to deal with such crises and to provide a strong foundation for economic recovery and 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 defined benefit 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 sheet[1]

	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Financial assets	58,278	63,745	64,446	66,700	68,558
Non-financial assets	230,207	242,503	248,653	254,271	259,174
Total assets	**288,485**	**306,247**	**313,099**	**320,971**	**327,732**
Borrowings with QTC	37,570	53,501	64,525	73,924	80,653
Leases and similar arrangements	6,499	7,565	7,408	7,484	7,768
Securities and derivatives	198	198	198	198	198
Total borrowing	**44,267**	**61,263**	**72,130**	**81,605**	**88,619**
Advances	1,845	1,506	1,333	1,196	1,324
Superannuation liability	27,808	27,475	26,784	25,583	22,859
Other provisions and liabilities	20,834	24,464	23,699	23,600	23,240
Total liabilities	**94,754**	**114,708**	**123,947**	**131,985**	**136,042**
Net worth	**193,731**	**191,539**	**189,152**	**188,987**	**191,689**
Net financial worth	**(36,476)**	**(50,963)**	**(59,500)**	**(65,285)**	**(67,484)**
Net financial liabilities	**58,036**	**72,815**	**82,389**	**89,072**	**92,231**
Net debt	**14,046**	**25,499**	**35,511**	**44,228**	**50,782**

Note:

1. Numbers may not add due to rounding

6.2.1 Financial assets

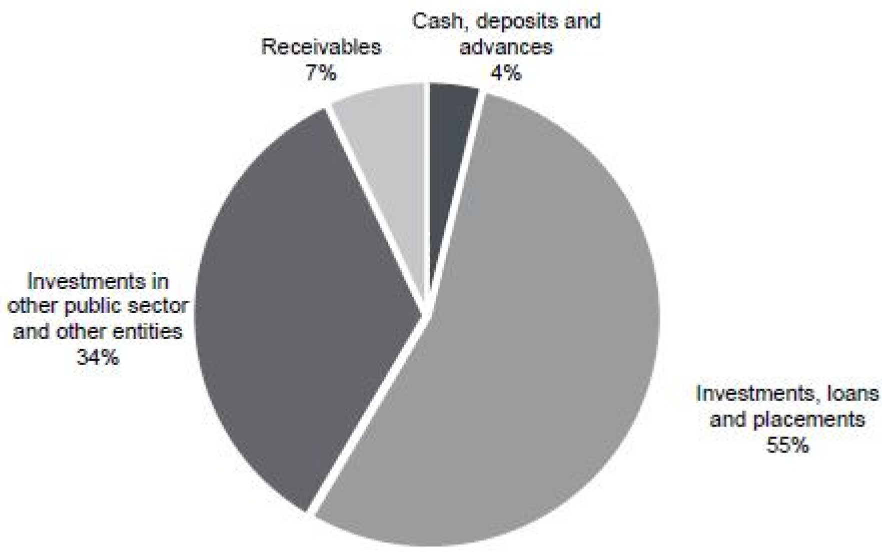
The General Government Sector holds the equity of the state's public enterprises, principally the shareholding in government-owned corporations (GOCs) but also Public Financial Corporations like Queensland Treasury Corporation (QTC), in much the same manner as the parent or holding company in a group of companies.

The estimated investment in public enterprises is included in the General Government Sector's financial assets. Other material financial assets include investments, loans and placements which incorporate investments held to meet future liabilities including superannuation and insurance, as well as investments relating to the Queensland Future Fund (QFF) established in August 2020 as part of the government's Savings and Debt Plan.

Total financial assets of $58.278 billion were held on the balance sheet at 30 June 2020 in line with expectations published in the C19-FER. Financial assets are expected to increase to $63.745 billion by 30 June 2021, an increase of $5.467 billion, mainly due to the seed funding for the QFF's first sub-fund, the Debt Retirement Fund (DRF), which will be offset against the state's debt for credit rating agency metrics. Financial assets will continue to grow over the forward estimates and are projected to be $68.558 billion by 30 June 2024.

Chart 6.1 shows forecast General Government Sector financial assets by category at 30 June 2021.

Chart 6.1 Forecast General Government Sector financial assets by category, at 30 June 2021



6.2.2 Non-financial assets

General Government Sector non-financial assets were $230.207 billion at 30 June 2020, in line with expectations published in the C19-FER.

Non-financial assets will increase by $12.296 billion during 2020-21 to be $242.503 billion at 30 June 2021. Part of this increase is attributed to the first-time adoption of AASB 1059 *Service Concession Arrangements.*

Service concession arrangements (SCAs) are agreements where an operator (private sector) is contracted to provide or operate an asset on behalf of the grantor (public sector) of the arrangement. The grantor will typically have a social or community obligation to provide the services delivered to the community. AASB 1059 requires the grantor to recognise SCAs over their economic life and to recognise a matching liability (refer to section 6.2.3 Liabilities below).

Total non-financial assets of $6.5 billion were recognised in 2020-21 on the initial adoption of AASB 1059.

Total non-financial assets at 30 June 2021 consist primarily of land and other fixed assets of $235.537 billion, the majority of which are roads, schools, hospitals and other infrastructure used to provide services to Queenslanders. Other non-financial assets of $6.965 billion held by the state include prepayments and deferred income tax assets relating to GOCs.

General Government Sector capital expenditure for 2020-21 is forecast to be $9.81 billion, which comprises $7.572 billion of PNFA and $2.238 billion of capital grant expenses. In addition, acquisitions of non-financial assets under finance leases and similar arrangements are forecast to be $1.571 billion, bringing the total General Government Sector capital program for 2020-21 to $11.381 billion.

This is $814 million higher than the 2019-20 MYFER, predominantly due to higher capital grant expenses to local government and industry including over $324 million for COVID-19 response and economic recovery, $142 million for disaster recovery and resilience, and $66 million for grants in relation to the Resource Community Infrastructure Fund.

Over the four years to 2023-24, General Government Sector capital expenditure is forecast to be $38.619 billion, which comprises $31.549 billion of PNFA and $7.07 billion of capital grant expenses. Acquisitions of non-financial assets under finance leases and similar arrangements are forecast to be $3.647 billion, bringing the total General Government Sector capital program over the period to $42.266 billion.

The finance leases and similar arrangements are mainly in relation to Public Private Partnerships, totalling more than $4.9 billion over the period 2019-20 to 2023-24, including for: the Tunnel, Stations and Development components of Cross River Rail (including returned works); the Surgical, Treatment and Rehabilitation Service (STARS) facility at Herston; and New Generation Rollingstock.

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 so there are no cash impacts on the commencement of the lease.

As part of Queensland's Economic Recovery Plan, the government had committed to maintaining the state infrastructure program at $51.8 billion over the four years to 2022-23.

The current estimate of the capital program over the four years to 2023-24 is now over $56 billion, the largest 4-year capital spend in over a decade. Purchases of non-financial assets by the NFPS over this period are forecast to be $45.373 billion. With capital grant expenses of $6.98 billion, this brings total capital expenditure to $52.353 billion. In addition to this, acquisitions of non-financial assets under finance leases and similar arrangements of $3.678 billion bring the total capital program over the period to $56.031 billion.

As part of the Economic Recovery Plan, capital projects have been fast tracked to immediately support construction jobs and invest in infrastructure that supports Queensland's recovery, resilience and future economic growth.

6.2.3 Liabilities

General Government Sector

Total General Government Sector liabilities were $94.754 billion at 30 June 2020, an increase of $2.113 billion since the C19-FER, predominantly due to year end actuarial adjustments to superannuation and other employee benefit liability estimates.

Total liabilities are expected to increase by $19.954 billion by 30 June 2021 to be $114.708 billion. General Government Sector borrowing with QTC will increase by $15.931 billion in 2020-21 and steadily grow as the government continues to support Queensland's economic recovery and growth post COVID-19. By 2023-24, total borrowings, including borrowing with QTC, leases and other similar arrangements and securities and derivatives, are expected to reach $88.619 billion. In addition, as discussed above under section 6.2.2, the first-time adoption of AASB 1059 *Service Concession Arrangements* accounts for most of the increase in the other provisions and liabilities.

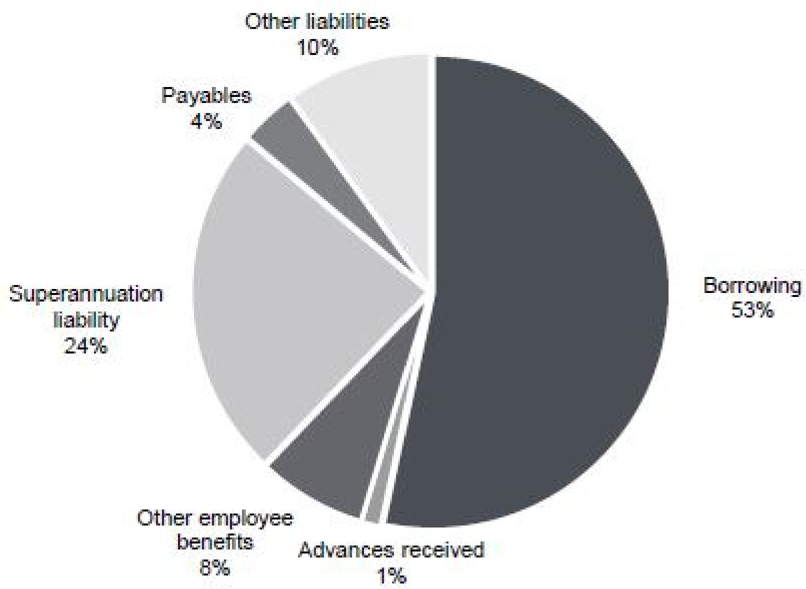
Predominantly due to the impact of the COVID-19 pandemic and election commitments, by 2022-23 General Government Sector borrowing with QTC is expected to be $30.813 billion higher than expected at 2019-20 MYFER.

Revenue write downs in excess of $12 billion and the government's pandemic response, economic recovery measures and election commitments totalling more than $9 billion are the major contributors to this increase. Increases in borrowing since MYFER also arise from non-COVID-19-related decisions, the reinstatement of defined benefit superannuation contributions from 2020-21, and the planned repatriation of $2 billion in surplus defined benefit superannuation investments no longer being allocated to repay debt. Instead, $1 billion of the defined benefit fund surplus has been redirected to the QFF. The Defined Benefit Fund remains in surplus over the forward estimates and all benefits remain guaranteed by legislation.

The defined benefit superannuation liability is projected to be $27.475 billion at 30 June 2021, a $333 million decrease on the 2019-20 outcome. The state's defined benefit fund has been closed to new entrants since 2008. Given the age profile of the employees still in that fund, retirements are also increasing. Accordingly, the state's superannuation liability continues to decline over the forward estimates, although at a slower pace than expected at the time of the 2019-20 MYFER mainly because of more subdued bond rate recovery over the forward estimates.

The composition of the General Government Sector's forecast liabilities at 30 June 2021 is illustrated in Chart 6.2.

Chart 6.2 Forecast General Government Sector liabilities by category, at 30 June 2021



Non-financial Public Sector borrowing

The NFPS is a consolidation of the General Government and the PNFC sectors, with transactions between these sectors eliminated.

PNFC debt is primarily held by government-owned corporations and is supported by income-generating assets including key pieces of economic infrastructure.

NFPS borrowing with QTC of $93.467 billion is expected for 2020-21, in line with expectations at the C19-FER, and reflecting the increase in borrowings in the General Government Sector.

By 30 June 2024, NFPS borrowing with QTC is expected to reach $121.039 billion. With leases and other similar arrangements of $8.135 billion and securities and derivatives of $549 million, total NFPS borrowing is expected to be $129.723 billion by 30 June 2024.

6.2.4 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, rather than just borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements).

The net financial liabilities of the General Government Sector at 30 June 2020 were $58.036 billion and are estimated to increase to $72.815 billion by 30 June 2021. The increase is commensurate with the increase in borrowing with QTC and the increase in other liabilities, because of the first-time adoption of AASB 1059 discussed above, offset by increases to Investments, loans and placements, predominantly because of the seed funding for the DRF.

Net financial liabilities increase across the forward estimates as borrowings are secured to fund the state's economic recovery following the impact of the COVID-19 pandemic.

6.2.5 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 entities.

Changes in the state's net worth occur for several reasons including:

- operating surpluses (deficits) that increase (decrease) the government's equity
- revaluation of assets and liabilities as required by accounting standards
- movements in the net worth of the state's investments in the PNFC 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.

6.2.6 New accounting standards

As referred to above, AASB 1059 *Service Concession Arrangements* applies to public sectors in Australia from 1 July 2020 and has significantly impacted on the state's balance sheet, increasing assets and liabilities.

The State, as a grantor, has recognised an asset and matching liability included in other liabilities. The adoption of this new standard has been included in the 2020-21 Budget in relation to transactions the State has previously entered into, such as the granting of concessions on the Gateway and Logan Motorways, Airport Link Tunnel and Port Drive, where the State has recognised an infrastructure asset (included in land and other fixed assets on the balance sheet) and unearned revenue (included in other liabilities on the balance sheet).

Other transactions such as Gold Coast Light Rail and Toowoomba Second Range Crossing are already on the state's balance sheet.

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 General Government Sector cash deficit for 2019-20 of $6.241 billion was $3.172 billion higher than forecast at the time of the 2019-20 MYFER, largely due to the government's COVID-19 response.

After net investments in non-financial assets of $7.316 billion, a cash deficit of $13.898 billion is forecast for 2020-21 in line with expectations at C19-FER. As revenues improve with the projected economic recovery, net cash flows from operating activities increase over the forward estimates, contributing to the government's investment in non-financial assets and alleviating the need to borrow 100% for these investments.

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 GOCs and concessional loans and advances. Cash flows from the injection of equity to the PNFC Sector and Public Financial Corporations Sector are the primary driver of net outflows of $742 million over the period from 2020-21 to 2023-24.

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, as well as drawdowns from the redraw facility, which was fully drawn down in 2019-20.

Total General Government Sector PNFA of $7.572 billion are budgeted for 2020-21 and, over the period from 2020-21 to 2023-24, PNFA are expected to total $31.548 billion in the General Government Sector as Queensland implements the Economic Recovery Plan to support jobs and invest in infrastructure that supports the state's recovery and future economic growth.

7 Intergovernmental financial relations

Features

- Australian Government payments comprise approximately 49.7% of all of Queensland's General Government revenue. Of these payments, Queensland's share of GST is especially important to funding services to Queenslanders. But it is a volatile revenue source. For example, Queensland received $15.032 billion in 2017-18, which is expected to fall to $12.701 billion in 2020-21.
- The Australian Government's broad revenue base, whereby they collect some 70% of all government revenue in the nation, means they are relatively well positioned to undertake and fund economic stimulus measures.
- The Australian Government estimates it will provide the Queensland Government with $27.969 billion in 2020-21 ($1.557 billion more than in 2019-20), comprising:
  - $15.268[4] billion in payments for specific purposes ($1.617 billion more than 2019-20)
  - $12.701 billion in payments for general purposes ($60 million less than 2019-20).
- Payments for specific purposes in 2020-21 comprise:
  - $5.469 billion for National Health Reform funding
  - $5.102 billion for Quality Schools funding[5]
  - $4.055 billion for National Partnership payments (Infrastructure Investment Program, Disaster Recovery Funding Arrangements and COVID-19 response payments)
  - $328 million for National Housing and Homelessness funding
  - $315 million for National Specific Purpose Payments (National Skills and Workforce Development).
- Several Commonwealth payments require matched funding or significant State Government contributions, which reduces budget flexibility for all states[6].
- Payments to Queensland for specific purposes will be higher in 2020-21 primarily due to:
  - Coronavirus (COVID-19) management and economic response initiatives (COVID-19 public health response, legal assistance and infection control training)
  - Additional funding for priority road projects
  - Back payment of DisabilityCare Australia Fund
  - Additional funding for Remote Indigenous Housing
  - New funding for skills and workforce training (JobTrainer Fund)

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4 Total payments for specific purposes may not add due to rounding.

5 Quality Schools funding includes payments for government schools (exclusive of GST) and non-government schools (inclusive of GST).

6 Australian Government payments for specific purposes may not fully fund all underlying programs. Some require States to provide matched contributions (e.g. Improving Great Artesian Basin Drought Resilience) or other, significant financial or in-kind contributions (e.g. Disaster Risk Reduction).

- Queensland matches the Australian Government's contributions for some COVID-19 initiatives, including the COVID-19 public health response, JobTrainer Fund and the National Infection Control Training Fund.
- Payments for general purposes only include GST revenue. In 2020-21, Queensland expects to receive $12.701 billion of GST revenue, $60 million (0.5%) less than in 2019-20.
- Queensland currently has 11 non-infrastructure funding agreements due to expire in 2020-21. The Australian Government has not provided any early indication of extending these agreements beyond 2020-21, except for Essential Vaccines. Longer term funding commitments are preferable, as they allow for more effective planning and service delivery.
- The Queensland Government provides considerable assistance to local governments, recognising the important services they provide to the community. A number of grant programs are specific to Indigenous councils, recognising the higher cost of providing services in remote locations.
- The government has increased funding for the Works for Queensland program, from $600 million to $800 million over eight years. In addition, to assist councils respond to the effects of COVID-19, the government introduced a COVID Works for Queensland program of $200 million for all councils in Queensland, plus $100 million for a similar program to Southeast Queensland councils, which are not eligible for Works for Queensland funding.

7.1 Federal financial arrangements

National governance

In May 2020, the Australian Government and state and territory governments agreed to new national governance arrangements, including reforming the Council of Australian Governments as a new National Federation Reform Council (NFRC).

First Ministers will continue meeting as a National Cabinet and Treasurers will continue to meet as the Council on Federal Financial Relations (CFFR). Under the new arrangements, CFFR is confirmed as having responsibility for federal financial relations and has an expanded role in overseeing all funding agreements (see Box 7.1 Federation funding agreements).

Vertical fiscal imbalance

Federal financial relations in Australia are characterised by different levels of government sharing responsibility for raising revenue and delivering services to communities.

The Australian Government raises more revenue than is required to meet its service delivery responsibilities. Conversely, state and territory governments' (states)[7] ability to raise revenue is less than required to meet their service delivery and infrastructure responsibilities. This is called vertical fiscal imbalance (VFI) and requires the sharing of revenue between the Australian Government and states.

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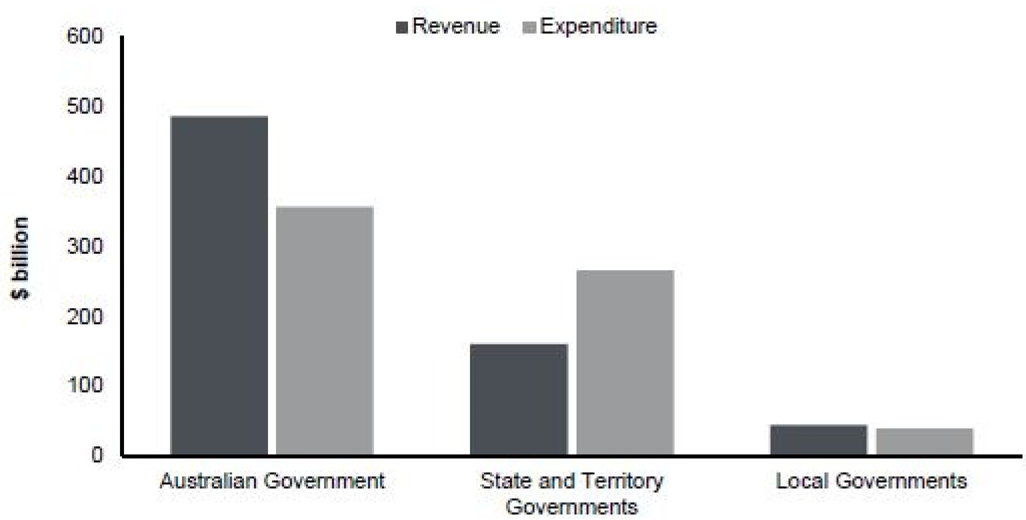
7 States refers to states and territories unless otherwise specified.

In 2018-19, the Australian Government collected the majority of revenues (70.4%), while states collected 23.2% and local governments the remaining 6.4%. Chart 7.1 illustrates the revenue and expense disparity between the different levels of government.

Chart 7.1 Own-source revenue and expenses by levels of government, 2018-19[1,2]



Notes:

1. Revenue calculated as total revenue minus grant revenue.
2. Expenses calculated as total expenses minus grant expenses.

Source: ABS Government Finance Statistics.

In Australia, VFI is addressed through a system of intergovernmental payments from the Australian Government to the states which allows them to meet their service delivery and infrastructure responsibilities. The Australian Government makes two types of payments:

- general revenue assistance payments (largely GST revenue) which can be used by states for any purpose ('untied' funding), and
- payments for specific purposes ('tied' funding) such as National Specific Purpose Payments (SPPs), which are a contribution toward states' service delivery priorities, and National Partnership (NP) payments which represent funding to support the delivery of specific outputs or projects and to facilitate or incentivise reforms.

Given the Australian Government's significant revenue raising capability, states are overly reliant on intergovernmental transfers to provide essential services and infrastructure to their communities.

Horizontal fiscal imbalance and horizontal fiscal equalisation

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 and/or deliver services at a lower cost compared to other states, providing the capacity to offer higher levels of services. Over time, absent equalisation, this would distort capital and labour mobility towards states providing a higher level of services.

To address HFI, GST revenue collected by the Australian Government is distributed to states with the objective of ensuring all Australians can expect to receive a comparable level of services and infrastructure, regardless of the state they reside in. This is known as horizontal fiscal equalisation (HFE). The Commonwealth Grants Commission uses the principle of HFE in recommending to the Australian Government how GST revenue should be distributed to the states.

7.2 Australian Government funding to the states

The Australian Government estimates that it will provide states with $131.375 billion in 2020-21, $5.580 billion (4.4%) more than in 2019-20, comprising:

- $59.920 billion in payments as shares of GST revenue ($315.9 million less than 2019-20)
- $69.449 billion in payments for specific purposes ($5.683 billion more than in 2019-20) including:
    - $25.418 billion in National Health Reform funding, including $1.811 billion in COVID-19 public health response funding
    - $21.914 billion in Quality Schools funding
    - $1.595 billion in National Housing and Homelessness funding
    - $18.961 billion in National Partnership payments (e.g. Infrastructure Investment Program, Disaster Recovery Funding Arrangements (DRFA), and DisabilityCare Australia Fund) and also some COVID-19 initiatives[8] such as:
        - $500 million in JobTrainer Fund
        - $97.5 million in COVID-19 Domestic Violence Support
        - $32.7 million in COVID-19 World and National Heritage
        - $31.6 million in National Infection Control Training Fund
        - $31.1 million in COVID-19 Legal Assistance Funding
        - $3.6 million in COVID-19 Self-Isolation for Remote Communities
    - $1.561 billion in National Specific Purpose Payments
- $2.006 billion in other payments to states, including:
    - $1.547 billion for GST top-up payments to Western Australia
    - $418 million for certain royalty payments to Western Australian
    - $41 million for municipal services to Australian Capital Territory

Australian Government payments for specific purposes may not fully fund all underlying programs. Some require states to provide matched contributions (e.g. Improving Great Artesian Basin Drought Resilience) or other, significant financial or in-kind contributions (e.g. Disaster Risk Reduction). This reduces budget flexibility for states.

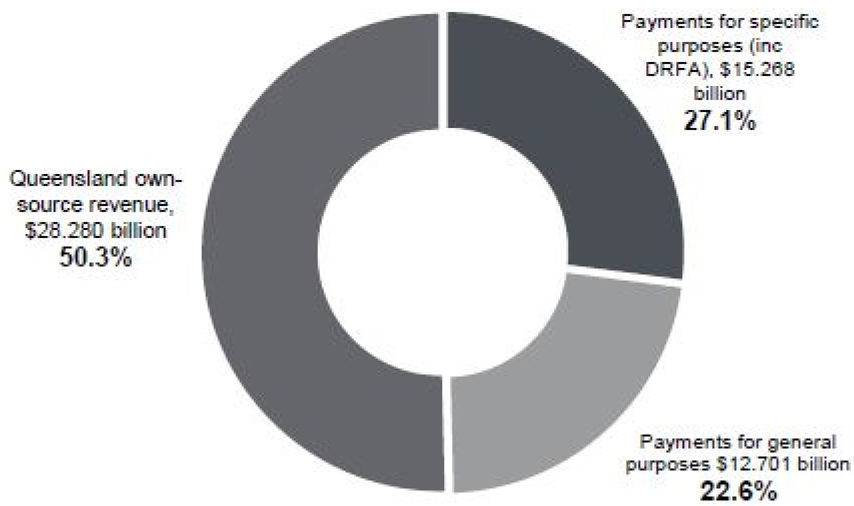
[8] Queensland contributes to COVID-19 initiatives, including the COVID-19 public health response, JobTrainer Fund and National Infection Control Fund.

7.3 Australian Government funding to Queensland

The Australian Government estimates it will provide the Queensland Government with $27.969 billion in 2020-21, $1.557 billion (5.9%) more than in 2019-20.

Australian Government funding is estimated to account for 49.7% of Queensland's total General Government Sector revenue sources in 2020-21 (shown in Chart 7.2). The proportion of Queensland's revenue derived from Australian Government funding has grown significantly from 35.0%[9] at the introduction of the GST in 2000.

Chart 7.2 General Government Sector revenue sources, Queensland 2020-21[1,2,3]



Notes:

1. Percentage may not add to 100% due to rounding.
2. Queensland own-source revenue figure includes direct Australian Government payments to Queensland departments for Commonwealth own-purpose expenditure.
3. Queensland own-source revenue includes $14.330 billion in taxation revenue, $5.975 billion in sales of goods and services and $2.631 billion in royalties and land rents. Additional information is provided in Chapter 4.

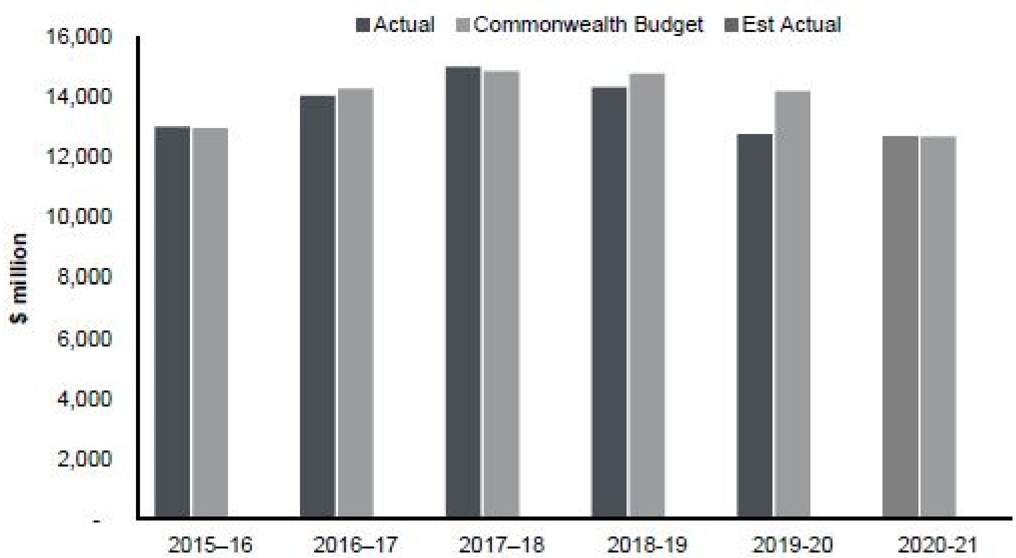
Source: 2020-21 Federal Budget Paper No. 3 and Queensland Treasury estimates.

[9] Per cent of Queensland's revenue derived from Australian Government Funding in 1999-00.

7.4 GST revenue

GST revenue accounts for all general revenue assistance payments that Queensland receives. In 2020-21, Queensland expects to receive $12.701 billion of GST revenue, $60 million (0.5%) less than in 2019-20, and $2.331 billion (15.5%) less than the peak in 2017-18.

Chart 7.3 Estimated GST payments to Queensland, 2015-16 to 2020-21



Source: Federal Budget 2020-21: Budget Paper No. 3 and 2019-20 Final Budget Outcomes.

The decrease in Queensland's estimated GST revenue in 2020-21, compared to 2019-20, is primarily due to the Australian Government revising down its estimated GST collections in 2020-21 by approximately $316 million, as a result of the ongoing impacts of the COVID-19 pandemic on national consumption of goods and services.

In addition, the Commonwealth Grants Commission (CGC) has successively revised down Queensland's GST revenue sharing relativity from a high of 1.18769 (or approximately 23.8%) in 2017-18 to 1.04907 (or approximately 21.1%) in 2020-21. This is primarily due to Queensland improving its fiscal capacity over time relative to all other states, which is partially offset by positive methodology changes arising from the CGC's 2020 Methodology Review.

Change in Queensland's relative circumstances since 2017-18 update

Queensland's GST share has been reduced by changing circumstances in Queensland and all other states. Since 2017-18, Queensland's relative fiscal capacity has improved, thus reducing its GST share. This improvement in fiscal capacity is primarily due to:

- significant reductions in natural disaster expenditure due to fewer large disasters over recent years compared with previous periods
- higher than average growth in the value of coal production compared to other states
- increased value of Commonwealth payments for specific purposes compared to other states.

However, this is partially offset by Queensland's:

- below average growth in taxable land values compared to other states
- below average growth in the value of property transfers compared to other states.

Queensland's GST share has also been adversely affected by the Australian Treasurer quarantining Commonwealth payments from the CGC's calculations. These decisions have heavily favoured other states (especially Western Australia) in recent years. The Australian Treasurer has not quarantined any new Commonwealth payments specific to Queensland since 2015, despite multiple requests. The adverse effect of this inequality will continue to impact Queensland's GST share for several years.

2020 Methodology Review

In February 2020, the CGC finalised its five-yearly review of its methodologies for determining states' shares of GST revenue. Unfortunately, this review was not as comprehensive as previous reviews, as the Australian Government prohibited any changes to the CGC methodology for assessing states' mining revenue.

Nevertheless, the CGC's updated methodologies resulted in Queensland's GST share increasing due to:

- an increased investment need for rural roads
- revised scope of property transfers included in the CGC's assessment
- revised scope of the national disaster assessment to include state-funded local government national disaster relief expenditure.

However, this is partially offset by downward revision of assessed urban and rural transport expenditure.

Changes from the 2020 Methodology Review positively impacted Queensland's share of GST revenue from 2020-21, subject to any future methodology review or a significant change in states' circumstances.

COVID-19 implications for GST revenue shares

The COVID-19 pandemic has impacted almost every aspect of Australian lives and all levels of government policy decisions to support individuals, businesses and communities in response to the pandemic.

As part of its work in determining states' shares of GST for 2021-22, the CGC is considering how the COVID-19 pandemic is impacting states' relative fiscal capacities and ultimately their share of GST. This includes reviewing:

- state government policies resulting in waivers, deferrals and rebates on some tax liabilities
- Commonwealth-state funding arrangements for the COVID-19 public health response
- state government spending measures providing support to businesses and industries.

There will continue to be uncertainty in Queensland's estimates of GST revenue until this is resolved. The CGC will advise of its determination in the 2021 Update Report, expected to be released in the first quarter of 2021.

7.5 Payments to Queensland for specific purposes

In 2020-21, Queensland expects to receive $15.268 billion in payments for specific purposes, $1.617 billion (11.8%) more than in the 2019-20 Outcome.

Table 7.1 Estimated payments to Queensland for specific purposes[1]

	2019-20 Budget $ million	2019-20 Outcome[2] $ million	2020-21 Budget $ million
Skills and Workforce Development National Specific Purpose Payment	308	309	315
National Health Reform funding[3]	4,902	5,392	5,469
Quality Schools funding[4]	4,771	5,017	5,102
National Housing and Homelessness funding	320	321	328
National Partnership Payments (incl. DRFA)	2,388	2,612	4,055
Total payments for specific purposes	**12,688**	**13,651**	**15,268**

Notes:

1. Numbers may not add due to rounding.
2. The 2019-20 Outcome is based on actual Commonwealth payments received by Queensland in 2019-20.
3. Includes funding for the COVID-19 public health response of $345 million in the 2019-20 Outcome and $174 million in 2020-21.
4. Quality Schools funding includes payments for government schools (exclusive of GST) and non-government schools (inclusive of GST).

Sources: Federal Budget 2020-21: Budget Paper No. 3, 2019-20 Queensland Budget Paper No. 2 and Queensland Treasury estimates.

Payments for specific purposes comprise funding for National Health Reform, Quality Schools, National Housing and Homelessness, Skills and Workforce Development National Specific Purpose Payment (SPP) and National Partnership (NP) payments.

In 2020-21, National Health Reform funding, which accounts for 35.8% of the total payments for specific purposes, is estimated to increase by $77 million (1.4%) from the 2019-20 Outcome.

National Health Reform funding in 2019-20 Outcome and 2020-21 includes funding for the COVID-19 public health response ($345.3 million in 2019-20 and $174 million in 2020-21). The COVID-19 public health response funding in 2019-20 included contracted payments made to private hospitals, which were covered 100% by the Australian Government.

Queensland projections of National Health Reform funding differ from the projections contained in the Federal Budget 2020-21. Australian Government projections assume higher activity growth than projected in service agreements between the Queensland Department of Health and Hospital and Health Services. Actual National Health Reform payments vary from estimates provided in budget papers as they are based on actual public hospital activity delivered each year.

Quality Schools funding, which accounts for 33.4% of the total payments for specific purposes, is estimated to increase by $85 million (1.7%) in 2020-21 to $5.102 billion, compared to the 2019-20 Outcome. The lower rate of increase from 2019-20 to 2020-21 (compared to the previous year's growth of 6.7%) reflects the Australian Government's decision to bring forward funding to non-government schools from 2020-21 to 2019-20.

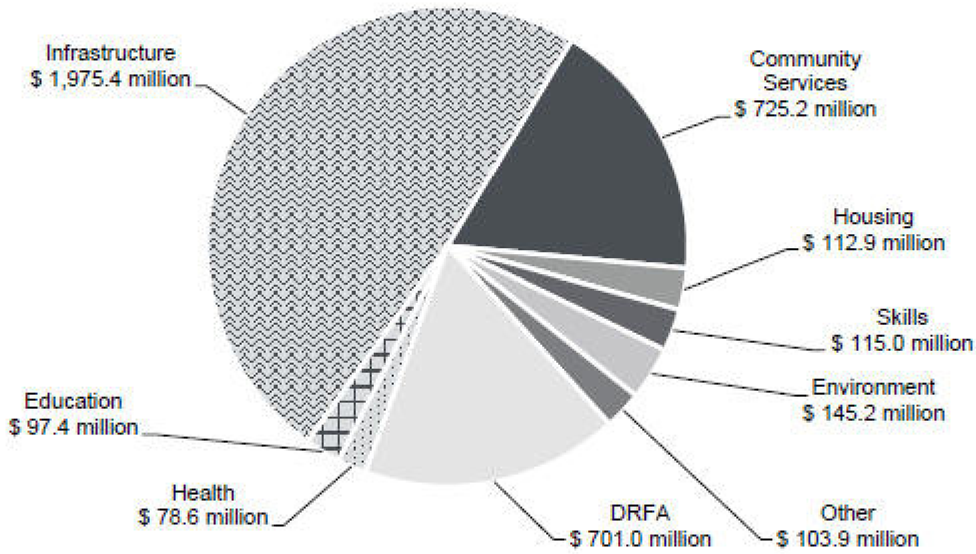
National Housing and Homelessness funding and the Skills and Workforce Development SPP are expected to increase by $7 million (2.1%) and $6 million (1.8%) respectively in 2020-21 compared to the 2019-20 Outcome.

NP payments (including DRFA), which accounts for 26.6% of the total payments for specific purposes, is estimated to increase by $1.443 billion (55.2%) in 2020-21 compared to the 2019-20 Outcome. A significant proportion of NP payments is allocated to infrastructure, DRFA and community services (refer to Chart 7.4).

The increase in payments for specific purposes between 2019-20 Outcome and 2020-21 is mainly due to:

- Additional funding from 2020-21 for priority road projects in Queensland to support economic recovery and jobs. Key projects include:
  - Coomera Connector Stage 1 (Coomera to Nerang)
  - Bruce Highway upgrade program, including: Caloundra Road to Sunshine Motorway; Rockhampton Northern Access upgrade; Burdekin Bridge upgrade; and Cairns Southern access corridor – Stage 4
  - Centenary Bridge upgrade
  - Riverway Drive Stage 2 (Allambie Lane – Dunlop Street).
- New funding to support the COVID-19 response. Initiatives include:
  - $100.5 million for the JobTrainer Fund to provide additional low or no fee training places for jobseekers and young people in areas of identified skills needs and employment growth, to support them into employment as Australia emerges from the COVID-19 pandemic.
  - $19.7 million for domestic violence support to ensure the safety of women and their children experiencing, or at risk of experiencing, domestic, family and sexual violence during the COVID-19 pandemic.
  - $8 million for the National Infection Control Training Fund to provide nationally accredited infection control short course training places to frontline workers.
  - $6.9 million for legal assistance funding for services provided by legal aid commissions, community legal centres, Aboriginal and Torres Strait Islander Legal Services and Family Violence Prevention Legal Services to respond to increased demand due to COVID-19.
- Additional funding in 2020-21 to Queensland to assist with costs associated with the provision of remote housing.
- Additional back payment in 2020-21 from the DisabilityCare Australia Fund for reimbursement of state expenditure on the National Disability Insurance Scheme in previous years.
- New funding to revitalise TAFE campuses across Australia.

Chart 7.4 National Partnership Payments by sector, 2020-21[1]



Note:

1. Excludes Australian Government funding to local government.

Sources: 2020-21 Commonwealth Budget Paper No. 3 and Queensland Treasury estimates.

7.5.1 Projections of payments for specific purposes to Queensland

Across the forward estimates, total payments for specific purposes are expected to steadily increase, with average growth of approximately 3% between 2020-21 and 2023-24.

While increases in overall funding are welcome, those payments tied to specific purposes and Australian Government criteria does impact State Governments' capacity to respond to local needs, reduces states' budget flexibility, adds administrative costs and impacts the achievement of state policy outcomes and priorities. This negative impact is amplified when funding is conditional on states' matching Australian Government funding, unrealistic timeframes, national price benchmarks and competing priorities.

National Health Reform funding for Queensland is expected to increase by an average of 5.3% per annum from 2020-21. 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.

Growth in Quality Schools funding for Queensland is expected to average 6.6% between 2020-21 and 2023-24 as a result of enrolment growth and increased funding per student. Under the National Schools Reform Agreement, Queensland is expecting to receive $8.926 billion for state schools and $13.864 billion (including GST) for non-government schools from 2020-21 to 2023-24.

7.5.2 Expiring agreements

Under the Intergovernmental Agreement on Federal Financial Relations, the Australian Government provides time-limited funding to states and territories through NP payments to support the delivery of specific projects, facilitate reforms or reward states that deliver on reforms or achieve service delivery improvements.

However, over time, some NPs have been extended well beyond their intended time-limited purpose. NPs were never intended, and are not the optimal way, to fund ongoing community service needs.

Conversely, when NP agreements expire, states have been 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 many large NPs over the last few years, such as the National Partnership on Remote Housing, has highlighted this risk.

Unilateral termination by the Australian Government of funding for essential programs, with little or no notice, impacts on states' ability to plan, budget and continue delivering essential services to communities. Early indication as to the continuation, lapse or other treatment of funding for an expiring agreement is necessary to enable states to effectively manage their service delivery responsibilities.

There are 11 non-infrastructure NPs expected to expire in 2020-21:

- Essential vaccines
- Improving trachoma control services for Indigenous Australians
- Encouraging more clinical trials in Australia
- Expansion of the BreastScreen Australia program
- Rheumatic fever strategy
- Public dental services for adults
- National Infection Control Training Fund
- North Queensland strata title inspection scheme
- COVID-19 domestic and family violence responses
- On-farm emergency water infrastructure rebate
- Small business regulatory reform.

Multiple funding agreements will also expire in 2021-22. Of particular note, funding under the National Partnership on Universal Access to Early Childhood Education will cease at the end of 2021. This NP was only recently extended by the Australian Government and is the seventh short-term extension since it was originally agreed in 2008. Short-term extensions create significant uncertainty for the sector and for Queenslanders who use these services. With each extension, the Queensland Government has sought a longer-term commitment from the Australian Government.

The Australian Government, in its 2020-21 Budget, has not allocated any funding beyond 2020-21 for Queensland's expiring agreements, except for Essential Vaccines. The Australian

Government has allocated approximately $15 million to Queensland for essential vaccines over the years from 2020-21 to 2023-24, which indicates broad support for the program's continuation.

National Cabinet has confirmed that the Council on Federal Financial Relations (CFFR) (made up of Australian and state and territory treasurers) has taken on responsibility for coordination of all Commonwealth-state funding agreements, including NP Agreements (discussed in Box 7.1). In that context, CFFR will have a greater role in decision-making as expiration dates for these agreements approach, or where they are identified as no longer fit for purpose, providing a platform for more appropriate state input.

Box 7.1 Federation funding agreements

On 13 March 2020, the First Ministers of the Australian and state and territory governments resolved to form a National Cabinet, to ensure a coordinated response across the country to the management of COVID-19.

On 29 May 2020, the Prime Minister announced that the Council of Australian Government (COAG) would cease and a new National Federation Reform Council (NFRC) would be formed, with National Cabinet at its centre.

It was also confirmed that the CFFR would be responsible for overseeing the financial relationship between the Commonwealth and the states and territories. This includes CFFR taking responsibility for all funding agreements, including National Partnership Agreements, complementing its existing responsibility for overseeing the Intergovernmental Agreement on Federal Financial Relations.

On 12 June, National Cabinet further elaborated upon CFFR's central role in the new system, supporting the work of National Cabinet. Specifically:

- National Cabinet asked CFFR to progress targeted reforms in areas such as tax, deregulation and housing.
- In addition, CFFR would take on responsibility for coordination of all Commonwealth/state funding agreements, including National Partnership Agreements. This includes a review of existing agreements with a view to consolidation and rationalisation.
- As new Commonwealth-state National Partnership Agreements are developed, CFFR will be responsible to negotiate funding elements, in consultation with relevant portfolio ministers.

CFFR reports to National Cabinet on its progress with these responsibilities.

On 28 August 2020, CFFR established the new Federation Funding Agreements (FFAs) framework. The new FFA framework is designed to deliver strong economic and fiscal outcomes, provide funding certainty and budget autonomy, increase transparency and ensure CFFR retains oversight of funding agreements. While payments made to the states are according to the IGA FFR, payments will now be facilitated through schedules to the FFAs. Schedules sit within one of the five sector-based FFAs, including Health; Infrastructure; Education and Skills; Environment; and Affordable Housing, Community Services and Other.

7.6 State-local government financial relations

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.

In 2020-21, the Queensland Government will provide a total of $1.935 billion in grants to local governments, compared to $1.766 billion in 2019-20.

This includes current, capital and asset grants to local government authorities and Indigenous councils, as well as Australian Government grants paid through the state to local governments. Grants to local governments are delivered through numerous Queensland Government departments and agencies for a variety of purposes, including through the programs discussed below.

Contributing to higher grants to local governments in 2020-21 relative to 2019-20, and in recognition of the increased fiscal pressures faced by local governments, is the significant stimulus delivered in response to the COVID-19 pandemic The Queensland Government is providing additional assistance through the new $200 million COVID Works for Queensland program ($180 million in 2020-21) and $100 million SEQ Community Stimulus Package ($45 million in 2020-21).

As described in Chapter 5, grants to local government are also higher due to disaster-related grants to local councils and payments to local councils for the Queensland waste levy.

Some of this variance is also due to the impact of COVID-19 on the timing of project delivery, which in some cases has resulted in grant expenditure being deferred from 2019-20 to 2020-21.

Of budgeted grants to local governments in 2020-21, key expenditures include around $700 million in infrastructure and economic development-related grants, $531.4 million in grants administered by the Queensland Reconstruction Authority (QRA), $240.6 million in transport- and roads-related grants, and $68.5 million for public and community housing-related grants.

To provide further support to local governments, the government has also provided increased funding for the Works for Queensland program, taking total program funding from $600 million to $800 million over eight years.

The government also announced the Local Government Debt Refinancing Program to allow councils to refinance and extend the loan term on some or all of their existing fixed-interest debt with Queensland Treasury Corporation (QTC) to take advantage of historically low interest rates. This will provide councils with an opportunity to free up additional cashflow through reduced loan repayments during challenging economic circumstances to fund essential infrastructure and other economic recovery priorities.

A summary of grant programs that are exclusively available to local governments are listed in Table 7.2.

Table 7.2 Grant programs exclusively available to local government

Program Name	Description	Total Funding (from 2015-16 to 2023-24)
Works for Queensland	Supports local governments in regional areas to undertake job-creating maintenance and minor infrastructure works.	$800 million
COVID Works for Queensland	Supports all local governments to respond to and recover from the COVID-19 pandemic to deliver job creating new infrastructure, maintenance or minor works projects.	$200 million
SEQ Community Stimulus Package	Supports SEQ local governments to respond to and recover from the COVID-19 pandemic by fast-tracking investment in new infrastructure and community assets that create jobs and deliver economic stimulus to local communities.	$100 million
Transport Infrastructure Development Scheme	Provides targeted investment in regional local government transport infrastructure.	$630 million
Building our Regions	Provides funding for critical infrastructure in regional areas to support economic development, including generating jobs.	$356.3 million
Local Government Grants and Subsidies Program	Provides funding for priority infrastructure projects that will enhance sustainable and liveable communities.	$257.6 million[1]
Coastal Hazard Adaptation Program - QCoast2100	Assists coastal local governments to prepare plans and strategies for addressing the impact of climate change.	$15 million
Queensland Water Regional Alliances Program from	Assists regional councils to collaborate and improve the efficiency and administration of water infrastructure.	$6 million

Note:

1. Funding is ongoing. Figure is based on current projections.

In addition to the above grant programs, the Queensland Government has signed the National Partnership on Disaster Risk Reduction, which is a five-year partnership between the Commonwealth and states to support resilience and risk reduction projects. Over the five years from 2020, annual available funding has increased from $9.5 million to $13.1 million per year by replacing Queensland Disaster Resilience funding with Commonwealth-State Disaster Risk Reduction Funding of $9.6 million per year, supplemented by additional Queensland Government funding of $3.5 million per year. This fund, administered by the QRA, will be available to a range of organisations including local governments, to deliver mitigation and resilience projects.

The QRA also administers the DRFA which is 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. Under these arrangements the state administers significant funding (over $900 million) to provide disaster relief and assist with reconstruction of local government infrastructure damaged during natural disasters. The amount will be dependent on the final number and value of claims submitted.

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. To address these challenges, the government has allocated substantial funding to specifically support Indigenous councils and their communities.

A summary of grant programs available to Indigenous councils and their communities are listed in Table 7.3.

Table 7.3 Grant programs to support Indigenous councils and their communities

Program Name	Description	Total Funding (from 2015-16 to 2023-24)
Indigenous Councils Critical Infrastructure Program	Contributes to the cost of water, wastewater and solid waste infrastructure in Indigenous communities.	$120 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
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.	$315.4 million[1]
Indigenous Local Government Sustainability Program (2016-18)	Assists Indigenous councils to increase their capacity, capability and sustainability.	$8.2 million

Note:

1. Funding is ongoing. Figure is based on current projections.

8 Public Non-financial Corporations Sector

Features

- Public Non-financial Corporations (PNFC) entities provide essential services such as electricity supply and distribution, water supply, rail services and port services. The Queensland Government expects its businesses to operate commercially and efficiently and to work towards continually improving services to Queenslanders.
- The government is supporting $3.460 billion of infrastructure investment through the PNFC Sector in 2020-21. This includes $2.030 billion on electricity infrastructure, $800 million on rail infrastructure, $301.4 million on water infrastructure and $277.1 million on port infrastructure.
- In 2019-20, the PNFC Sector generated $1.086 billion of dividends, although forecasts highlight significant declines due to regulatory determinations and market dynamics. Dividends generated by the government-owned corporations (GOCs) form part of consolidated revenue used to fund a range of government services.
- Operating within a commercial framework, businesses within the PNFC Sector supported the government's coronavirus (COVID-19) response by implementing a wide range of financial and economic measures including:
    - Energy Queensland Limited (EQL) fast-tracking price affordability measures;
    - Queensland Rail maintaining its full-service timetable for South East Queensland throughout the COVID-19 lockdown, supporting essential workers including frontline healthcare shift workers;
    - a temporary freeze of Sunwater and Seqwater irrigation water prices in 2020-21 to support business and industry, and the government subsidising $42 million worth of dam safety upgrades across the state from 2020-21 to 2023-24, rather than recover a share of these costs through irrigation prices; and
    - port and energy GOCs continuing to trade through the COVID-19 downturn providing vital support to the broader Queensland economy, while protecting their employees.
- In 2019-20, the government continued to deliver significant energy policy outcomes including CleanCo Queensland Limited (CleanCo) commencing physical trading in the National Energy Market (NEM) following its establishment as a new clean energy GOC in 2019-20. In March 2020, CleanCo announced it will build, own, and operate the Karara Wind Farm in the Darling Downs, funded by $250 million in government equity funding from the 2019-20 State Budget.

- The Queensland Government's recently announced Renewable Energy Fund will provide $500 million to GOCs to invest or co-invest in commercial renewable energy projects and supporting infrastructure, including in partnership with the private sector. This will leverage government contributions and GOC capabilities to deliver new capital investment and jobs and increase the supply of renewable energy. The Fund will complement the government's $145 million commitment to establish three Queensland Renewable Energy Zones.
- The government's investment in renewable energy and supporting infrastructure will support the commitment to achieve Queensland's 50% Renewable Energy Target by 2030.
- These actions are also delivering better pricing outcomes for Queensland households and businesses. In each of the past three years, Queensland wholesale electricity spot prices have been the lowest of all mainland states in the NEM.
- In June 2020, the Queensland Competition Authority released its *Final Determination for Regulated Retail Electricity Prices*, estimating prices in regional Queensland will fall, for the typical residential and small business customer by 5.9% and 3.2% each, in 2020-21.
- Queensland Rail continues to work with external partners to progress the Cross River Rail and European Train Control System projects, as well as upgraded train stabling, new stations and station accessibility upgrades.
- Forming a critical link between the region's diverse mining activities and the Port of Townsville, the government approved $50 million for Queensland Rail to undertake three key capital projects to improve the Mount Isa rail line. The government is also providing $20 million to eligible rail freight users as part of a four-year $80 million Mount Isa Line Incentive Scheme, making the freight journey faster and more reliable for exporters, and thereby boosting mineral freight exports and jobs in the region.
- Other Port GOCs projects being progressed in 2019-20 and 2020-21 include:
  - the Townsville Channel Capacity Upgrade and Clinton Vessel Interaction Project; and
  - $30 million to upgrade facilities at the Ports North Cairns Marine Precinct and a business case for future development of the Precinct as a regional centre for large vessel repair work.
- The joint Queensland and Australian government funded Rookwood Weir being built by Sunwater will grow agricultural production along the Fitzroy River and enhance the security of urban and industrial water supplies for Gladstone and Capricorn Coast centres.

8.1 Context

The entities comprising the PNFC Sector operate in a range of industries including energy, rail, port and water services.

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, and similar provisions are made in the enabling legislation of Seqwater and Queensland Rail.

PNFC entities provide services such as vital port services, electricity supply and distribution, rail services and water supply. The entities incur costs and bear commercial risks in the delivery of their services or products and generate a commercial rate of return from the sale of these services or products.

The returns to government form part of consolidated revenue that is used to pay for various government services. Part of some PNFCs' revenue may arise from community service obligation (CSO) payments from the government. These payments are used to subsidise a service, so it can be offered to the community at a price lower than it would otherwise be if full cost recovery and normal margins were applied.

A key example is the CSO paid to Energy Queensland Limited (EQL) to provide electricity in regional Queensland at prices based on the costs of supply in South East Queensland, 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 transmitting safe, reliable electricity to consumers across the state – Powerlink and Energy Queensland Limited (EQL).

Powerlink

Powerlink owns, develops, operates and maintains the electricity transmission network in Queensland. Its network spans approximately 1,700 kilometres from north of Cairns to New South Wales and comprises 15,338 km of transmission lines and 147 substations.

Powerlink's role in the electricity supply chain is to transmit high voltage electricity – generated at major power stations – through its transmission grid to the distribution networks.

Powerlink also transmits electricity to high usage industrial customers such as rail companies, mines and mineral processing facilities, and to New South Wales via the Queensland/New South Wales Interconnector transmission line.

Energy Queensland Limited

EQL was formed from the merger of Energex and Ergon Energy in June 2016. EQL owns and operates the low-voltage distribution network that transmits 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 South East Queensland.

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 focused on pursuing strategic investments in unregulated markets to provide greater choice to customers and provide EQL with 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 by 2019-20. These savings have delivered benefits to both government and electricity consumers, through improved returns from the business, and by putting downward pressure on electricity prices. EQL exceeded its savings target to 2019-20, with total savings of $643 million.

To address the impact of COVID-19 on their customer base, EQL fast-tracked a range of measures including price affordability measures, the temporary suspension of disconnections for non-payment and the delivery of the government’s utility relief payments for residential and small business customers.

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 2017-2022 regulatory control period, resulting in a significant reduction in allowable revenues for the business. Powerlink is currently preparing its submission for the 2022-2027 regulatory control period, to be lodged in January 2021, and the AER will make its final determination in April 2022.

In December 2019, the Energex and Ergon Energy businesses submitted to the AER their revised regulatory proposals for the 2020-2025 revenue determination period. In June 2020, the AER made its final revenue determination, which will result in significant electricity bill reductions for the average Queensland residential household and small business.

The final revenue determination will lead to a reduction in revenue for EQL relative to the previous AER regulatory period, driven largely by a reduction in the allowable return on capital. In the absence of reductions in EQL’s cost profile, this will result in lower forecast returns to the state from the electricity network sector.

8.1.2 Electricity generation

Queensland is in a strong position to deliver reliable and affordable energy through significant baseload and renewable generation capacity.

Queensland realised the lowest wholesale market spot prices over the past three financial years, and forward wholesale prices remain among the lowest in the NEM.

Queensland continues to operate Australia's youngest and most efficient fleet of coal-fired generators and an increasing number of large-scale renewable projects. This includes assets owned by Queensland Government owned generators - Stanwell, CS Energy and CleanCo. In March 2020, CleanCo announced it would build, own and operate the 102.6 MW Karara Wind Farm. In addition, generators have entered into new long-term power purchase agreements with several wind and solar farms. With these investments, our generators now own or support over 2,000 MW of renewable energy generation in Queensland.

The establishment of CleanCo has increased competition in the energy sector, placing downward pressure on electricity prices. CleanCo will play a key role in delivering the government's 50% Queensland Renewable Energy Target by 2030.

CleanCo

CleanCo is Queensland's newest energy generator, owning and operating a portfolio of low and no emissions generation assets across Queensland. Established in December 2018, CleanCo was transferred a strategic asset portfolio from Stanwell and CS Energy in 2019-20. In early 2020-21, CleanCo took full operational responsibility for its assets and site employees.

In addition to its foundation portfolio, in 2020 CleanCo committed to support a further 930 MW in renewable generation capacity. This was through three power purchase agreements in the Darling Downs and Far North Queensland and the build, own, and operation of the 102.6 MW Karara Wind Farm.

CS Energy

CS Energy is a major supplier of electricity across Queensland, owning and operating the Callide B and Kogan Creek Power Stations and a 50% interest in the Callide C Power Station. CS Energy is also a party to the Gladstone Interconnection and Power Pooling Agreement, and trades output of the Gladstone Power Station that exceeds the requirements of the Boyne Island aluminium smelter.

Stanwell

Stanwell is a major supplier of energy into the NEM, generating and trading electricity from three coal-fired power stations in Queensland. Stanwell also sells electricity directly to large commercial and industrial customers in Queensland, New South Wales, the Australian Capital Territory and Victoria, and also earns revenue from coking coal exported from Curragh Mine.

Box 8.1 Renewable energy

The government is committed to reaching the 50% Queensland Renewable Energy Target by 2030, and Queensland's generators are playing an important role in this transition.

As part of the *Powering Queensland Plan*, the government established CleanCo as the state's new renewable energy generator and as a structural solution to increase competition in the wholesale electricity market and place downward pressure on wholesale electricity prices. CleanCo has a mandate to deliver 1,000 MW of new renewable energy generation in Queensland by 2025. This plan is working, as Queensland continues to realise some of the lowest wholesale electricity prices in Australia.

In March 2020, CleanCo announced it would build, own and operate the 102.6 MW Karara Wind Farm. In addition, generator GOCs have entered into new long-term power purchase agreements with several wind and solar farms supporting or owning over 2,000 MW of renewable energy generation in Queensland.

Queensland's energy market has already seen 44 large-scale renewable energy projects commence operations, be under construction or financially committed since 2015. This represents more than $8.5 billion in investment and more than 7,000 construction jobs.

The Queensland Government has announced the $500 million Renewable Energy Fund, enabling Queensland's five energy GOCs to increase ownership of commercial renewable energy projects and supporting infrastructure, including in partnership with the private sector.

The existing skills and expertise from the energy GOCs will be used to engage with market proponents and identify commercial investment proposals, with opportunities for appropriate returns for the government. The Renewable Energy Fund will advance the transition towards renewable energy sources, create jobs, and further establish Queensland as a leader in renewable energy.

The government's *Unite and Recover: Queensland's Economic Recovery Plan* also includes a commitment of $145 million to establish three Queensland Renewable Energy Zones. In these zones - in northern, central, and southern regions of Queensland - the government is committed to undertake strategic network investments, streamline the development of new renewable energy projects and work to match industrial energy demand with cheap, clean renewable energy.

8.1.3 Rail

Queensland Rail is an integrated, publicly-owned rail operator, responsible for the delivery of passenger transport in South East Queensland, 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 services are delivered under a Rail Transport Services Contract (TSC) with the government, represented by the Department of Transport and Main Roads. The Rail TSC provides funding for rail infrastructure, Citytrain (South East Queensland passenger services) and Traveltrain (regional passenger services).

Queensland Rail maintained its full-service timetable for South East Queensland throughout the coronavirus (COVID-19) lockdown, supporting essential workers including frontline healthcare shift workers. Recently, it introduced additional services to support social distancing measures and has fully restored most of the regional travel and tourism services that were reduced or suspended during the peak of the COVID-19 crisis.

Box 8.2 Rail manufacturing in Queensland

The Queensland Government has committed to support continued rail manufacturing in Queensland and state manufacturing supply chains.

The package includes a commitment of $600 million for the construction of 20 new trains in the Maryborough region to support local jobs and regional supply chains. These trains will be ready by 2025 in order to support service delivery following completion of the Cross River Rail project. The government will consider an option to build a further 45 trains to meet future network demand.

The government will also revitalise rail manufacturing in Rockhampton. This will include securing land at the old Aurizon workshop to develop a rail maintenance, manufacturing and logistics centre that can support local suppliers to manufacture components for Queensland-built trains.

The government has committed $300 million for a pipeline of works to refurbish and maintain Queensland Rail’s existing fleet over the next 10 years. These works will be progressed as part of a Strategic Partnership Agreement. The first signatory to this agreement is Downer EDI, located in Maryborough. This pipeline will see the enhancement of our rail fleet through a number of major projects such as the overhaul of electric and diesel Tilt Trains, as well as the Interurban Multiple Unit 160 and Suburban Multiple Unit 260 fleets.

Other commitments include continuation of $85 million in works to improve disability accessibility on the New Generation Rollingstock Fleet, and $1 million for a business case to replace the carriages of the iconic, long-distance Westlander, Inlander and Spirit of the Outback services.

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 and the Amrun Port near Weipa, the authorities responsible for Queensland's ports are owned and run by GOCs. Despite the impact of COVID-19 on some port related activities such as tourism and trade over the past six months, Queensland's ports have continued to play an essential role in the state's supply chain networks and economy. Their efficient operation is essential to continued economic growth, job creation and sustainable development in the state.

The ports sector's financial performance is influenced by various factors including supply chain expansions and disruptions, evolving transportation methods and Queensland and global economic conditions, particularly overseas demand for Queensland's natural resources and agricultural products.

While the global trade impacts from COVID-19 are still emerging, Queensland ports continue to look to new markets to improve financial outcomes and stimulate the economy, while meeting environmental and community obligations.

The port authorities have been working closely with industry and the government to ensure the necessary measures are in place to keep ports operational and trade flowing, while protecting transport and port supply chains and workforces during the COVID-19 pandemic.

Ports have also been providing fee and rental relief to tenants and customers in response to COVID-19. Given the significant effect on Far North Queensland's tourism, resources and commercial seafood industries, Ports North will provide approximately $7.6 million of COVID-19 relief support measures to local Cairns operators over the period February to December 2020.

Queensland's port GOCs will progress a number of projects in 2020-21 including the Channel Capacity Upgrade at the Port of Townsville, which has increased from $193.5 million to $232 million in cost, driven by a change in delivery methodology for major works packages, and the impact of COVID-19 on project delivery.

Other key projects for port GOCs in 2020-21 include:

- works for Berth 4 upgrades at the Port of Townsville
- works for Tug Berth upgrades at the Port of Mackay
- plans for the RG Tanna Shiploader 1 replacement, securing approvals for future growth projects, and completing the Clinton Vessel Interaction Project at the Port of Gladstone
- the Master Plan for the Port of Cairns and Mourilyan, which will inform future capital investment in the Cairns Marine Precinct.

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 South East Queensland. Its assets and operations are 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.

Dams play a vital role in South East Queensland's water supply. Seqwater has an ongoing Dam Improvement Program (DIP) to ensure the safety of its dams and compliance with dam safety guidelines into the future.

Key projects for Seqwater in 2020-21 include:

- progressing the Ewen Maddock Dam Upgrade
- commencing the South West Pipeline to Beaudesert
- planning for the Somerset Dam Upgrade.

With South East Queensland water storages falling below 60% in September 2020, Seqwater is operating in drought response mode. This includes increasing production at the Gold Coast Desalination Plant to best preserve dam levels, and a water saving campaign to reduce water consumption. Further drought response measures may be required through 2020-21 if drought conditions continue.

Sunwater

Sunwater is the government's major bulk water supply business for regions outside of South East Queensland. 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 $14 billion.

Dam safety is a major focus for Sunwater, as it is for all bulk water suppliers. Sunwater commenced a prioritised DIP in 2005 to ensure that dam safety is maintained. The DIP is regularly reviewed to ensure highest priority projects are addressed first.

The DIP is an essential program to ensure the safety and reliability of dams and the ongoing safety of downstream communities. 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 for Sunwater in 2020-21 include:

- completing the essential works at Paradise Dam to temporarily reduce the level of the spillway to improve its stability and the safety of downstream communities
- progressing planning for Paradise Dam spillway improvements to identify the optimal option to enhance the dam to meet future extreme weather events
- progressing planning for Burdekin Falls Dam spillway improvements
- continuing feasibility studies into potentially raising Burdekin Falls Dam.

8.2 Finances and performance

8.2.1 Earnings before interest and tax

Total PNFC Sector earnings before interest and tax (EBIT) for 2019-20 were $1.905 billion, significantly lower than the $3.672 billion forecast at the time of the 2019-20 State Budget. This large reduction was primarily due to decreases in the electricity generation sector, driven by a decline in wholesale electricity spot prices caused by weaker market conditions. This has resulted in material coal-fired generator asset impairments by Stanwell and CS Energy.

This downward trend in electricity generation EBIT and associated asset impairments is largely due to forecast reductions in wholesale generation revenues as new renewable participants enter the wholesale market, increasing competition and driving down wholesale prices.

Electricity generation EBIT is however forecast to increase from $397 million in 2022-23 to $539 million in 2023-24 due to expected higher wholesale prices following the scheduled closure of the Liddell Power Station in New South Wales.

The electricity network sector EBIT is estimated to fall by around one-third in 2020-21 onwards (compared to 2019-20 levels), driven by EQL’s new regulated revenue determinations for the period of 1 July 2020 to 30 June 2025, and to a lesser extent by Powerlink’s upcoming new regulated revenue determination for the period of 1 July 2022 to 30 July 2027.

The 2019-20 EBIT for the water sector was $255 million, substantially lower than the $571 million forecast at the time of the 2019-20 State Budget. This result was driven by Sunwater’s decision to provision for a potential future liability in relation to the 2011 South East Queensland Floods Class Action.

The water sector EBIT is expected to reach $564 million in 2021-22, largely reflecting the upwards trend associated with the South East Queensland bulk water price path. However, from 2021-22 the water sector EBIT is forecast to decline in recognition of the increased spend by Sunwater associated with the DIP, that will be partly expensed.

Port sector EBIT is forecast to trend steadily upwards over the forward estimates reflecting the various long-term revenue contracts supported by the completion of revenue generating capital expansions.

Overall across the forward estimates, PNFC Sector EBIT is expected to increase to $2.784 billion by 2021-22, with a slight decrease to $2.650 billion by 2023-24.

Table 8.1 Earnings before interest and tax[1]

	2018-19 Outcome $ million	2019-20 Budget $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Electricity Networks	2,092	1,850	1,795	1,179	1,191	1,140	1,127
Electricity Generation	1,384	830	(469)	572	509	397	539
Rail	324	244	255	301	362	327	329
Ports	161	212	159	192	230	248	265
Water	596	571	255	517	564	507	467
Other[2]	59	(34)	(90)	(45)	(72)	(75)	(77)
Total PNFC Sector	**4,616**	**3,672**	**1,905**	**2,715**	**2,784**	**2,544**	**2,650**

Notes:

1. Numbers may not add due to rounding.
2. Includes other public corporations.

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. Borrowings also include derivative liabilities associated with hedging activities undertaken by the GOCs.

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 consider the appropriateness of the proposed capital expenditure program, together with the implications of the borrowings for key financial and performance related indicators.

Total PNFC Sector borrowings in 2019-20 were $40.679 billion, $692 million higher than forecast at the time of the 2019-20 State Budget. The increase was primarily due to higher derivatives in the electricity generation sector, arising from material adverse movements in long positions due to lower electricity prices.

Borrowings are expected to increase slightly over the forward estimates to $41.11 billion by 2023-24, primarily driven by the rail and electricity network sectors.

Electricity network borrowings are expected to increase in 2020-21 due to the bringing forward of capital project works, but remain otherwise steady over the forward estimates (in line with the regulated asset base). Rail sector borrowings are expected to increase with the Queensland Rail capital program.

Borrowings in the water sector are largely attributable to Seqwater, which currently holds $9.426 billion of debt. The debt balance was the result of the large investment in water infrastructure in response to the Millennium Drought and the associated price path. Seqwater's forecast borrowings reduce across the forward estimates with price path debt repayment.

Port sector borrowings are forecast to increase to $1.157 billion by 2023-24. The increase in borrowings is to fund new capital works and infrastructure projects primarily at the Port of Townsville and Ports North.

The gearing levels of all GOCs continue to be monitored to target metrics which are, at a minimum, consistent with an investment grade credit rating.

Table 8.2 Borrowings[1]

	2018-19 Outcome $ million	2019-20 Budget $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Electricity Networks	22,046	23,073	23,060	23,830	23,880	23,873	23,951
Electricity Generation	1,984	1,831	2,655	1,845	1,761	1,723	1,742
Rail	3,439	3,852	3,714	4,093	4,430	4,682	4,810
Ports	1,061	1,173	1,086	1,090	1,111	1,158	1,157
Water	9,983	9,981	9,985	9,937	9,622	9,485	9,308
Other[2]	194	77	178	169	160	151	141
Total PNFC Sector	**38,707**	**39,987**	**40,679**	**40,964**	**40,964**	**41,071**	**41,110**

Notes:

1. Numbers may not add due to rounding.
2. Includes other public corporations.

8.2.3 Returns to government

PNFC Sector entities provide returns to government by way of dividends and 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, GOC boards are expected to ensure it considers 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 PNFC Sector dividends for 2019-20 were $279 million less than forecast at the time of the 2019-20 State Budget. This was driven by a $214 million reduction in dividends from the electricity generation businesses, primarily due to lower electricity prices impacting revenues.

Water sector dividends in 2019-20 were $40 million less than forecast at the time of the 2019-20 State Budget, driven by Sunwater's decision to provision for a potential future liability in relation to the 2011 South East Queensland Floods Class Action.

Lower expected profits are translating into lower dividends over the forward estimates, with declines in the electricity networks and generation sectors partly offset by an increase in the rail and ports sectors. PNFC Sector dividends are projected to decrease from $1.086 billion in 2019-20 to $630 million in 2020-21, before increasing to a projected $695 million in 2023-24. The reduction in dividends over the forward estimates relative to 2019-20 is being driven by the electricity sector.

Electricity network dividends are expected to drop by 80% to $106 million in 2020-21 due to the AER's revenue determination leading to a projected fall in EQL's profitability, to then slightly increase to $122 million by 2023-24.

Electricity generation dividends are also expected to decline with the entry of renewable generation capacity keeping downward pressure on electricity prices. The rebound in 2023-24 is correlated with the expected closure of the Liddell Power Station in New South Wales tempering electricity supply in the market.

Ports sector dividends are forecast to maintain stable levels over the forward estimates with gradual growth in line with profits.

Water sector dividends are expected to remain low over the forward estimates due to the increased costs of Sunwater's DIP to ensure the safety and stability of dams and the ongoing safety of downstream communities.

Table 8.3 Dividends[1]

	2018-19 Outcome $ million	2019-20 Budget $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Electricity Networks	771	596	532	106	133	124	122
Electricity Generation	615	519	305	278	222	169	247
Rail	142	102	119	142	160	176	172
Ports	99	102	110	97	118	131	144
Water	58	45	5	8	9	10	10
Other[2]	8	—	15	—	—	—	—
Total PNFC Sector	**1,694**	**1,365**	**1,086**	**630**	**641**	**609**	**695**

Notes:

1. Numbers may not add due to rounding.
2. Includes other public corporations.

Tax equivalent payments

Tax equivalent payments (TEPs) are paid by the PNFC Sector entities to recognise the benefits derived because they are not 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.

TEPs generally move in line with earnings over time. TEPs are forecast to decrease from $716 million in 2019-20 to $402 million by 2022-23, then increase to $424 million in 2023-24.

Table 8.4 Tax equivalent payments[1]

	2018-19 Outcome $ million	2019-20 Budget $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Electricity Networks	363	371	358	158	176	170	169
Electricity Generation	444	234	232	163	136	130	160
Rail	60	48	55	51	51	29	18
Ports	45	54	56	50	57	61	66
Water	30	8	12	4	5	6	6
Other[2]	3	5	3	5	5	5	5
Total PNFC Sector	**945**	**720**	**716**	**431**	**431**	**402**	**424**

Notes:

1. Numbers may not add due to rounding.
2. Includes other public corporations.

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 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 PNFC Sector CNF payments for 2019-20 were $170 million, in line with the 2019-20 State Budget forecast. CNF payments are forecast to increase to $192 million by 2023-24.

Table 8.5 Competitive neutrality fee payments[1]

	2018-19 Outcome $ million	2019-20 Budget $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Electricity Networks	89	106	106	118	125	124	139
Electricity Generation	17	17	16	15	14	12	12
Rail	34	30	33	27	26	26	27
Ports	11	12	10	10	10	9	8
Water	5	5	5	4	5	5	6
Total PNFC Sector	**156**	**169**	**170**	**175**	**180**	**176**	**192**

Note:

1. Numbers may not add due to rounding.

8.2.4 Community service obligation and rail transport services contract payments

For public policy reasons government will direct or require businesses to perform activities that are not in the entity's commercial interest (for example, offering services at a reduced price to benefit a community). In these situations, the government can provide a community service obligation (CSO) payment to the entity for the cost of delivering an uncommercial 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 EQL 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.

Total PNFC Sector CSO and TSC payments for 2019-20 were $2.302 billion, in line with the $2.309 billion forecast at the time of the 2019-20 State Budget.

In 2020-21, it is estimated that the government will provide CSO and TSC payments to PNFC Sector entities of $2.434 billion. This is forecast to increase to $2.679 billion by 2023-24, 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, progression of capital works and operational readiness activities to support Cross River Rail, and forecast growth in services.

Relative to 2019-20, water CSO payments are forecast to increase over the forward estimates, due to the government's commitment to reduce rural irrigation water prices for Sunwater and Seqwater customers.

Table 8.6 Community service obligation payments and transport services contracts[1]

	2018-19 Outcome $ million	2019-20 Budget $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Electricity Networks	462	498	498	454	502	505	490
Rail	1,778	1,801	1,794	1,959	2,074	2,131	2,163
Water	10	10	9	21	35	27	26
Total PNFC Sector	**2,250**	**2,309**	**2,302**	**2,434**	**2,612**	**2,663**	**2,679**

Note:

1. Numbers may not add due to rounding.

8.2.5 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 PNFC Sector Equity Injections for 2019-20 were $279 million, significantly higher than the $19 million forecast at the time of the 2019-20 State Budget. The increase is primarily due to the transfer of Queensland Country Bank Stadium to Stadiums Queensland.

Equity movements in the PNFC Sector across the forward estimates will be primarily influenced by the Renewable Energy Fund, as discussed previously.

Across the forward estimates, forecast equity movements in the electricity networks sector are intended to maintain the gearing ratios of these businesses over time. Forecast equity movements in the electricity generation sector relate to the $250 million in funding allocated to CleanCo for its Karara Wind Farm.

Over the forward estimates, Port of Townsville will receive $105 million of contributed equity for the Channel Capacity Upgrade project. The Queensland Government has further committed $30 million to upgrade facilities at the Ports North owned Cairns Marine Precinct and fund a business case for future development. Gladstone Ports Corporation, under a project agreement with the Australian Government, is to receive $10 million for new infrastructure at the Port of Bundaberg, subject to completing project milestones.

Queensland Rail will receive an equity injection of $35 million in 2022-23 to support its capital program.

It is projected that Sunwater will receive an equity injection of $100 million in 2023-24 to undertake essential dam safety upgrades at Burdekin Falls Dam.

Table 8.7 Equity movements[1]

	2018-19 Outcome $ million	2019-20 Budget $ million	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Electricity Networks	—	(106)	(67)	(80)	(130)	(80)	(130)
Electricity Generation	(80)	50	(5)	43	182	25	—
Rail	481	—	—	—	—	35	—
Ports	90	40	30	76	48	—	20
Water	(6)	—	(3)	—	—	—	100
Other[2]	(2)	35	323	128	125	125	125
Total PNFC Sector	**483**	**19**	**279**	**167**	**225**	**105**	**115**

Notes:

1. Numbers may not add due to rounding. Bracketed numbers represent equity returns from the PNFC Sector to the General Government Sector.
2. Includes other public corporations such as Stadiums Queensland and potential funding allocations for the Renewable Energy Fund while the operation and application of the fund is being finalised.

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) first agreed to at the Premier's Conference in 1991.

The UPF has been reviewed a number of times, most significantly 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.

The UPF was reviewed, most recently, in February 2019 following the 2015 update to the Australian GFS Framework. The changes formalised the revised reporting that had already been adopted by Queensland in the 2018-19 Budget. In addition, this chapter provides:

- 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
- 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 the 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.

Table 9.1 General Government Sector Operating Statement[1]

		2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
	Revenue from Transactions					
	Taxation revenue	14,585	14,330	15,347	16,130	16,967
	Grants revenue	27,641	29,094	30,697	32,087	33,454
	Sales of goods and services	5,618	5,975	6,152	6,243	6,532
	Interest income	2,076	1,882	2,374	2,418	2,460
	Dividend and income tax equivalent income	1,929	1,179	1,202	1,174	1,298
	Other revenue	5,915	3,788	4,732	5,342	5,616
	Total Revenue from Transactions	**57,764**	**56,249**	**60,504**	**63,394**	**66,326**
Less	**Expenses from Transactions**					
	Employee expenses	25,660	26,470	26,848	27,864	28,962
	Superannuation expenses					
	Superannuation interest cost	354	246	189	184	200
	Other superannuation expenses	3,183	3,231	3,238	3,352	3,431
	Other operating expenses	17,087	16,956	16,525	16,665	17,252
	Depreciation and amortisation	4,033	4,251	4,416	4,580	4,775
	Other interest expenses	1,486	1,725	1,790	1,884	1,996
	Grants expenses	11,695	12,003	11,801	11,345	11,098
	Total Expenses from Transactions	**63,498**	**64,881**	**64,806**	**65,874**	**67,715**
Equals	**Net Operating Balance**	**(5,734)**	**(8,633)**	**(4,303)**	**(2,480)**	**(1,389)**
Plus	Other economic flows - included in operating result	(5,015)	4,146	188	115	413
Equals	**Operating Result**	**(10,749)**	**(4,486)**	**(4,115)**	**(2,366)**	**(975)**
Plus	Other economic flows - other movements in equity	2,976	2,294	1,728	2,200	3,678
Equals	**Comprehensive Result - Total Change In Net Worth**	**(7,773)**	**(2,192)**	**(2,387)**	**(166)**	**2,703**
	KEY FISCAL AGGREGATES					
	Net Operating Balance	(5,734)	(8,633)	(4,303)	(2,480)	(1,389)
Less	**Net Acquisition of Non-financial Assets**					
	Purchases of non-financial assets	6,291	7,572	8,136	8,078	7,762
	Less Sales of non-financial assets	230	255	270	259	261
	Less Depreciation	4,033	4,251	4,416	4,580	4,775
	Plus Change in inventories	107	19	33	(8)	(54)
	Plus Other movements in non-financial assets	1,289	1,724	1,298	934	310
	Equals **Total Net Acquisition of Non-financial Assets**	3,424	4,808	4,782	4,166	2,982
Equals	**Fiscal Balance**	**(9,158)**	**(13,440)**	**(9,085)**	**(6,647)**	**(4,370)**

Note:

1. Numbers may not add due to rounding.

Table 9.2 Public Non-financial Corporations Sector Operating Statement[1]

		2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
	Revenue from Transactions					
	Grants revenue	646	577	644	600	584
	Sales of goods and services	12,359	11,610	12,163	12,252	12,711
	Interest income	87	70	79	82	87
	Dividend and income tax equivalent income	14	13			
	Other revenue	482	337	368	388	363
	Total Revenue from Transactions	**13,589**	**12,607**	**13,254**	**13,321**	**13,745**
Less	**Expenses from Transactions**					
	Employee expenses	2,087	2,196	2,260	2,313	2,373
	Superannuation expenses					
	Superannuation interest cost	(5)				
	Other superannuation expenses	237	228	236	243	251
	Other operating expenses	5,129	4,437	4,552	4,630	4,748
	Depreciation and amortisation	2,719	2,916	3,070	3,097	3,100
	Other interest expenses	1,776	1,745	1,685	1,605	1,561
	Grants expenses	(19)	24	24	25	25
	Other property expenses	737	435	435	406	428
	Total Expenses from Transactions	**12,662**	**11,981**	**12,263**	**12,320**	**12,486**
Equals	**Net Operating Balance**	**927**	**626**	**991**	**1,002**	**1,259**
Plus	Other economic flows - included in operating result	(944)	(15)	(59)	(181)	(331)
Equals	**Operating Result**	**(17)**	**611**	**932**	**821**	**928**
Plus	Other economic flows - other movements in equity	(651)	(319)	105	78	31
Equals	**Comprehensive Result - Total Change In Net Worth**	**(668)**	**292**	**1,037**	**898**	**959**
	KEY FISCAL AGGREGATES					
	Net Operating Balance	927	626	991	1,002	1,259
Less	**Net Acquisition of Non-financial Assets**					
	Purchases of non-financial assets	3,156	3,460	3,674	3,449	3,242
	Less Sales of non-financial assets	36	44	47	16	11
	Less Depreciation	2,719	2,916	3,070	3,097	3,100
	Plus Change in inventories	50	37	6		11
	Plus Other movements in non-financial assets	170	120	106	110	114
	Equals **Total Net Acquisition of Non-financial** Assets	621	656	669	446	256
Equals	**Fiscal Balance**	**306**	**(30)**	**322**	**556**	**1,003**

Note:

1. Numbers may not add due to rounding.

Table 9.3 Non-financial Public Sector Operating Statement[1]

		2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
	Revenue from Transactions					
	Taxation revenue	14,254	14,024	15,034	15,817	16,638
	Grants revenue	27,674	29,115	30,708	32,098	33,466
	Sales of goods and services	15,596	14,956	15,445	15,794	16,646
	Interest income	2,140	1,921	2,419	2,465	2,512
	Dividend and income tax equivalent income	141	130	129	162	179
	Other revenue	6,351	4,124	5,098	5,728	5,977
	Total Revenue from Transactions	**66,156**	**64,271**	**68,833**	**72,064**	**75,417**
Less	**Expenses from Transactions**					
	Employee expenses	27,629	28,544	28,984	30,051	31,209
	Superannuation expenses					
	Superannuation interest cost	349	246	189	184	200
	Other superannuation expenses	3,421	3,459	3,474	3,595	3,683
	Other operating expenses	19,768	18,757	18,200	18,587	19,394
	Depreciation and amortisation	6,752	7,167	7,486	7,677	7,875
	Other interest expenses	3,070	3,265	3,261	3,278	3,331
	Grants expenses	11,062	11,471	11,192	10,781	10,550
	Total Expenses from Transactions	**72,049**	**72,908**	**72,786**	**74,152**	**76,242**
Equals	**Net Operating Balance**	**(5,893)**	**(8,637)**	**(3,953)**	**(2,088)**	**(825)**
Plus	Other economic flows - included in operating result	(6,033)	4,051	(8)	(145)	(47)
Equals	**Operating Result**	**(11,926)**	**(4,586)**	**(3,961)**	**(2,233)**	**(872)**
Plus	Other economic flows - other movements in equity	4,153	2,394	1,574	2,068	3,574
Equals	Comprehensive Result - Total Change In Net Worth	**(7,773)**	**(2,192)**	**(2,387)**	**(166)**	**2,703**
	KEY FISCAL AGGREGATES					
	Net Operating Balance	(5,893)	(8,637)	(3,953)	(2,088)	(825)
Less	**Net Acquisition of Non-financial Assets**					
	Purchases of non-financial assets	9,467	11,032	11,811	11,527	11,004
	Less Sales of non-financial assets	266	300	317	275	271
	Less Depreciation	6,752	7,167	7,486	7,677	7,875
	Plus Change in inventories	156	55	40	(8)	(43)
	Plus Other movements in non-financial assets	1,460	1,844	1,403	1,045	424
	Equals **Total Net Acquisition of Non-financial Assets**	4,065	5,464	5,451	4,612	3,238
Equals	**Fiscal Balance**	**(9,958)**	**(14,101)**	**(9,404)**	**(6,700)**	**(4,063)**

Note:

1. Numbers may not add due to rounding.

Table 9.4 General Government Sector balance sheet[1]

	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Assets					
Financial Assets					
Cash and deposits	1,205	1,005	944	905	1,005
Advances paid	1,280	1,415	1,535	1,566	1,334
Investments, loans and placements	29,580	34,851	35,473	36,102	36,823
Receivables	4,490	4,459	3,441	4,176	4,486
Equity					
Investments in other public sector entities	21,560	21,852	22,889	23,787	24,746
Investments - other	163	164	164	164	164
Total Financial Assets	**58,278**	**63,745**	**64,446**	**66,700**	**68,558**
Non-financial Assets					
Land and other fixed assets	223,280	235,537	241,580	247,113	251,825
Other non-financial assets	6,928	6,965	7,072	7,158	7,349
Total Non-financial Assets	**230,207**	**242,503**	**248,653**	**254,271**	**259,174**
Total Assets	**288,485**	**306,247**	**313,099**	**320,971**	**327,732**
Liabilities					
Payables	5,729	4,470	4,531	4,596	4,654
Superannuation liability	27,808	27,475	26,784	25,583	22,859
Other employee benefits	8,327	8,532	8,733	8,946	9,023
Advances received	1,845	1,506	1,333	1,196	1,324
Borrowing with QTC	37,570	53,501	64,525	73,924	80,653
Leases and other similar arrangements	6,499	7,565	7,408	7,484	7,768
Securities and derivatives	198	198	198	198	198
Other liabilities	6,779	11,463	10,435	10,058	9,563
Total Liabilities	**94,754**	**114,708**	**123,947**	**131,985**	**136,042**
Net Worth	**193,731**	**191,539**	**189,152**	**188,987**	**191,689**
Net Financial Worth	(36,476)	(50,963)	(59,500)	(65,285)	(67,484)
Net Financial Liabilities	58,036	72,815	82,389	89,072	92,231
Net Debt	14,046	25,499	35,511	44,228	50,782

Notes:

1. Numbers may not add due to rounding.

Table 9.5 Public Non-financial Corporations Sector balance sheet[1]

	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Assets					
Financial Assets					
Cash and deposits	889	945	890	1,012	1,177
Advances paid	1,491	1,216	1,102	1,021	1,200
Investments, loans and placements	1,787	845	723	652	618
Receivables	1,484	1,495	1,568	1,518	1,535
Equity					
Investments - other	279	9	9	9	9
Total Financial Assets	**5,930**	**4,510**	**4,292**	**4,212**	**4,540**
Non-financial Assets					
Land and other fixed assets	63,522	64,960	66,408	67,565	68,459
Other non-financial assets	1,388	1,417	1,495	1,587	1,709
Total Non-financial Assets	**64,910**	**66,377**	**67,903**	**69,152**	**70,168**
Total Assets	**70,840**	**70,887**	**72,196**	**73,364**	**74,707**
Liabilities					
Payables	2,210	1,718	1,846	1,867	2,003
Superannuation liability	(152)	(149)	(149)	(149)	(148)
Other employee benefits	911	923	935	949	964
Deposits held	13	13	13	13	13
Advances received	6	5	4	4	3
Borrowing with QTC	38,894	39,967	40,101	40,294	40,385
Leases and other similar arrangements	492	468	436	400	366
Securities and derivatives	1,315	529	427	377	359
Other liabilities	8,183	8,152	8,285	8,413	8,608
Total Liabilities	**51,871**	**51,626**	**51,898**	**52,168**	**52,552**
Net Worth	**18,969**	**19,261**	**20,298**	**21,196**	**22,155**
Net Financial Worth	(45,941)	(47,116)	(47,605)	(47,956)	(48,013)
Net Debt	36,552	37,975	38,266	38,402	38,131

Note:

1. Numbers may not add due to rounding.

Table 9.6 Non-financial Public Sector balance sheet[1]

	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Assets					
Financial Assets					
Cash and deposits	2,094	1,949	1,834	1,917	2,182
Advances paid	1,274	1,410	1,541	1,580	1,349
Investments, loans and placements	31,366	35,696	36,196	36,753	37,441
Receivables	4,669	5,145	4,108	4,736	4,957
Equity					
Investments in other public sector entities	2,592	2,592	2,599	2,598	2,597
Investments - other	442	173	173	173	173
Total Financial Assets	**42,438**	**46,964**	**46,450**	**47,756**	**48,699**
Non-financial Assets					
Land and other fixed assets	286,800	300,496	307,987	314,677	320,283
Other non-financial assets	1,236	1,228	1,244	1,179	1,178
Total Non-financial Assets	**288,037**	**301,724**	**309,232**	**315,857**	**321,462**
Total Assets	**330,475**	**348,688**	**355,682**	**363,613**	**370,160**
Liabilities					
Payables	6,676	5,421	5,518	5,548	5,636
Superannuation liability	27,656	27,326	26,635	25,435	22,711
Other employee benefits	9,238	9,456	9,668	9,896	9,987
Deposits held	13	13	13	13	13
Advances received	354	289	240	191	143
Borrowing with QTC	76,464	93,467	104,626	114,217	121,039
Leases and other similar arrangements	6,991	8,033	7,843	7,884	8,135
Securities and derivatives	1,505	720	618	567	549
Other liabilities	7,847	12,425	11,368	10,874	10,259
Total Liabilities	**136,743**	**157,149**	**166,530**	**174,626**	**178,471**
Net Worth	**193,731**	**191,539**	**189,152**	**188,987**	**191,689**
Net Financial Worth	(94,305)	(110,185)	(120,079)	(126,870)	(129,772)
Net Financial Liabilities	96,897	112,777	122,678	129,468	132,369
Net Debt	50,592	63,467	73,770	82,624	88,906

Note:

1. Numbers may not add due to rounding.

Table 9.7 General Government Sector Cash Flow Statement[1]

	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Cash Receipts from Operating Activities					
Taxes received	13,870	13,749	16,605	16,128	16,965
Grants and subsidies received	28,841	27,948	30,673	31,542	33,378
Sales of goods and services	6,055	6,245	6,415	6,513	6,807
Interest receipts	1,997	2,017	2,372	2,416	2,458
Dividends and income tax equivalents	2,756	1,690	1,121	1,101	1,198
Other receipts	7,048	5,011	5,899	6,480	6,599
Total Operating Receipts	**60,567**	**56,661**	**63,084**	**64,180**	**67,405**
Cash Payments for Operating Activities					
Payments for employees	(29,332)	(30,442)	(30,823)	(32,041)	(33,304)
Payments for goods and services	(19,019)	(19,128)	(19,249)	(18,654)	(19,179)
Grants and subsidies	(10,928)	(11,993)	(11,755)	(11,223)	(11,053)
Interest paid	(1,460)	(1,679)	(1,725)	(1,813)	(1,917)
Other payments	(8)				
Total Operating Payments	**(60,747)**	**(63,243)**	**(63,552)**	**(63,731)**	**(65,453)**
Net Cash Inflows from Operating Activities	**(180)**	**(6,581)**	**(468)**	**449**	**1,952**
Cash Flows from Investments in Non-Financial Assets					
Purchases of non-financial assets	(6,291)	(7,572)	(8,136)	(8,078)	(7,762)
Sales of non-financial assets	230	255	270	259	261
Net Cash Flows from Investments in Non-financial Assets	**(6,061)**	**(7,316)**	**(7,867)**	**(7,819)**	**(7,501)**
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**(941)**	**(305)**	**(364)**	**(163)**	**90**
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**4,391**	**(822)**	**(622)**	**(628)**	**(726)**
Receipts from Financing Activities					
Advances received (net)	(847)	(337)	(170)	(135)	131
Borrowing (net)	2,975	15,162	9,430	8,257	6,155
Net Cash Flows from Financing Activities	**2,128**	**14,825**	**9,261**	**8,122**	**6,286**
Net Increase/(Decrease) in Cash held	**(663)**	**(201)**	**(61)**	**(39)**	**100**
Net cash from operating activities	(180)	(6,581)	(468)	449	1,952
Net cash flows from investments in non-financial assets	(6,061)	(7,316)	(7,867)	(7,819)	(7,501)
Surplus/(Deficit)	**(6,241)**	**(13,898)**	**(8,335)**	**(7,370)**	**(5,549)**
Derivation of ABS GFS Cash Surplus/Deficit					
Cash surplus/(deficit)	(6,241)	(13,898)	(8,335)	(7,370)	(5,549)
Acquisitions under finance leases and similar arrangements	(1,263)	(1,571)	(1,119)	(829)	(128)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(7,503)**	**(15,468)**	**(9,454)**	**(8,200)**	**(5,677)**

Note:

1. Numbers may not add due to rounding.

Table 9.8 Public Non-financial Corporations Sector Cash Flow Statement[1]

	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Cash Receipts from Operating Activities					
Grants and subsidies received	643	589	615	590	571
Sales of goods and services	14,582	13,155	13,746	13,943	14,364
Interest receipts	88	70	79	82	87
Dividends and income tax equivalents	14	13			
Other receipts	373	232	267	283	255
Total Operating Receipts	**15,701**	**14,059**	**14,708**	**14,898**	**15,277**
Cash Payments for Operating Activities					
Payments for employees	(2,219)	(2,406)	(2,484)	(2,542)	(2,609)
Payments for goods and services	(6,307)	(5,788)	(5,892)	(6,051)	(6,098)
Grants and subsidies	(263)	(67)	(24)	(25)	(25)
Interest paid	(1,771)	(1,736)	(1,684)	(1,606)	(1,561)
Other payments	(1,471)	(973)	(875)	(845)	(994)
Total Operating Payments	**(12,030)**	**(10,969)**	**(10,960)**	**(11,068)**	**(11,287)**
Net Cash Inflows from Operating Activities	**3,671**	**3,089**	**3,747**	**3,830**	**3,990**
Cash Flows from Investments in Non-Financial Assets					
Purchases of non-financial assets	(3,156)	(3,460)	(3,674)	(3,449)	(3,242)
Sales of non-financial assets	36	44	47	16	11
Net Cash Flows from Investments in Non-financial Assets	**(3,120)**	**(3,416)**	**(3,627)**	**(3,433)**	**(3,231)**
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**707**	**195**	**(16)**	**1**	**(308)**
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**(29)**	**(15)**	**(12)**	**(13)**	**(14)**
Receipts from Financing Activities					
Advances received (net)	5	(1)	(1)	(1)	(1)
Borrowing (net)	733	1,030	94	149	49
Dividends paid	(1,799)	(1,071)	(630)	(641)	(609)
Deposits received (net)	(1)				
Other financing (net)	19	243	390	230	290
Net Cash Flows from Financing Activities	**(1,043)**	**202**	**(147)**	**(263)**	**(272)**
Net Increase/(Decrease) in Cash held	**186**	**55**	**(55)**	**122**	**165**
Net cash from operating activities	3,671	3,089	3,747	3,830	3,990
Net cash flows from investments in non-financial assets	(3,120)	(3,416)	(3,627)	(3,433)	(3,231)
Dividends paid	(1,799)	(1,071)	(630)	(641)	(609)
Surplus/(Deficit)	**(1,248)**	**(1,397)**	**(510)**	**(245)**	**150**
Derivation of ABS GFS Cash Surplus/Deficit					
Cash surplus/(deficit)	(1,248)	(1,397)	(510)	(245)	150
Acquisitions under finance leases and similar arrangements	(54)	(14)	(5)	(6)	(6)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(1,302)**	**(1,412)**	**(515)**	**(251)**	**143**

Note:

1. Numbers may not add due to rounding.

Table 9.9 Non-financial Public Sector Cash Flow Statement[1]

	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Cash Receipts from Operating Activities					
Taxes received	13,543	13,444	16,292	15,816	16,637
Grants and subsidies received	28,875	27,982	30,654	31,543	33,377
Sales of goods and services	18,222	16,407	16,909	17,369	18,192
Interest receipts	2,061	2,057	2,416	2,463	2,510
Dividends and income tax equivalents	81	137	121	145	171
Other receipts	7,441	5,241	6,161	6,758	6,851
Total Operating Receipts	**70,223**	**65,267**	**72,554**	**74,093**	**77,737**
Cash Payments for Operating Activities					
Payments for employees	(31,432)	(32,726)	(33,183)	(34,456)	(35,786)
Payments for goods and services	(22,875)	(21,916)	(21,880)	(21,607)	(22,289)
Grants and subsidies	(10,581)	(11,505)	(11,146)	(10,659)	(10,506)
Interest paid	(3,041)	(3,210)	(3,196)	(3,209)	(3,252)
Other payments	(571)	(473)	(501)	(525)	(572)
Total Operating Payments	**(68,500)**	**(69,830)**	**(69,905)**	**(70,456)**	**(72,405)**
Net Cash Inflows from Operating Activities	**1,723**	**(4,563)**	**2,649**	**3,637**	**5,332**
Cash Flows from Investments in Non-Financial Assets					
Purchases of non-financial assets	(9,467)	(11,032)	(11,811)	(11,527)	(11,004)
Sales of non-financial assets	266	300	317	275	271
Net Cash Flows from Investments in Non-financial Assets	**(9,201)**	**(10,732)**	**(11,494)**	**(11,252)**	**(10,732)**
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**(916)**	**(143)**	**(114)**	**(21)**	**248**
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**4,362**	**(837)**	**(635)**	**(640)**	**(740)**
Receipts from Financing Activities					
Advances received (net)	(64)	(62)	(46)	(47)	(46)
Borrowing (net)	3,708	16,192	9,525	8,406	6,203
Deposits received (net)	(1)				
Other financing (net)	(88)				
Net Cash Flows from Financing Activities	**3,555**	**16,130**	**9,479**	**8,360**	**6,157**
Net Increase/(Decrease) in Cash held	**(477)**	**(145)**	**(116)**	**83**	**265**
Net cash from operating activities	1,723	(4,563)	2,649	3,637	5,332
Net cash flows from investments in non-financial assets	(9,201)	(10,732)	(11,494)	(11,252)	(10,732)
Surplus/(Deficit)	**(7,478)**	**(15,295)**	**(8,845)**	**(7,615)**	**(5,400)**
Derivation of ABS GFS Cash Surplus/Deficit					
Cash surplus/(deficit)	(7,478)	(15,295)	(8,845)	(7,615)	(5,400)
Acquisitions under finance leases and similar arrangements	(1,316)	(1,585)	(1,124)	(835)	(134)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(8,794)**	**(16,880)**	**(9,969)**	**(8,450)**	**(5,534)**

Note:

1. Numbers may not add due to rounding.

9.3 General Government Sector time series

Data presented in Table 9.10 provides a time series from 2008-09 to 2019-20 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.*

Table 9.10 General Government Sector Time Series[1]

	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	2017-18 Actual $ million	2018-19 Actual $ million	2019-20 Actual $ million
Revenue from Transactions												
Taxation revenue	8,866	9,375	9,981	10,608	10,937	11,840	12,598	12,547	12,919	13,244	14,165	14,585
Grant revenue	17,481	20,205	20,338	22,652	18,322	21,740	23,583	23,740	27,384	27,966	28,307	27,641
Sales of goods and services	3,648	3,961	4,172	5,002	5,087	5,039	5,443	5,712	5,642	5,884	5,783	5,618
Interest income	1,482	2,204	2,368	2,485	2,644	2,460	2,470	2,543	2,351	2,389	2,191	2,076
Dividend and income tax equivalent income	1,180	949	1,232	1,112	1,351	1,975	2,554	2,661	2,675	2,920	2,784	1,929
Other revenue	4,421	3,033	3,921	3,942	3,415	3,650	3,322	3,577	5,223	5,685	6,598	5,915
Total Revenue	**37,078**	**39,727**	**42,013**	**45,801**	**41,755**	**46,705**	**49,970**	**50,780**	**56,194**	**58,087**	**59,828**	**57,764**
Expenses from Transactions												
Employee expenses	14,310	15,566	16,826	18,250	18,130	17,816	18,592	20,045	21,258	22,681	24,019	25,660
Superannuation expenses												
Superannuation interest costs	858	1,320	1,240	1,216	923	963	878	767	514	667	653	354
Other superannuation expenses	2,012	2,051	2,171	2,301	2,420	2,277	2,319	2,507	2,661	2,741	3,012	3,183
Other operating expenses	7,300	7,568	8,646	9,497	12,817	13,108	14,539	14,811	15,578	17,259	16,480	17,087
Depreciation and amortisation	2,496	2,501	2,507	2,777	2,902	3,060	3,137	2,921	3,068	3,326	3,451	4,033
Other interest expenses	599	803	1,125	1,659	1,940	2,200	2,328	2,220	1,722	1,614	1,581	1,486
Grant expenses	9,525	9,790	10,963	10,327	7,182	6,792	7,758	6,841	8,568	8,048	9,647	11,695
Total Expenses	**37,099**	**39,599**	**43,479**	**46,028**	**46,312**	**46,217**	**49,551**	**50,112**	**53,369**	**56,337**	**58,843**	**63,498**
Net Operating Balance	**(21)**	**128**	**(1,466)**	**(226)**	**(4,558)**	**488**	**420**	**668**	**2,825**	**1,750**	**985**	**(5,734)**
OTHER KEY AGGREGATES												
Purchases of non-financial assets	6,772	8,959	8,237	7,971	7,001	6,323	4,635	4,044	4,620	5,126	5,764	6,291
Net acquisition of non-financial assets	4,349	6,665	5,583	5,241	3,389	3,087	992	1,164	2,265	2,337	3,192	3,424
Fiscal Balance	**(4,371)**	**(6,537)**	**(7,049)**	**(5,467)**	**(7,947)**	**(2,599)**	**(572)**	**(497)**	**560**	**(587)**	**(2,207)**	**(9,158)**
Cash Surplus/(Deficit)	(2,866)	(5,341)	(5,880)	(4,951)	(8,585)	(3,213)	(105)	866	1,448	337	302	(6,241)
Net Worth	184,277	175,588	177,875	170,745	172,963	166,492	171,933	188,099	194,988	195,038	200,861	193,731
Net Debt	(19,251)	(13,354)	(9,542)	(5,720)	2,399	5,208	5,749	653	(355)	(509)	(198)	14,046
Borrowing with QTC[2]	9,671	15,182	23,711	28,391	36,508	39,864	41,343	34,200	31,358	29,256	29,468	37,570
Leases and similar arrangements	637	734	882	1,126	1,370	1,503	1,761	1,286	1,882	2,142	2,612	6,499
Borrowing with QTC (NFPS)	41,726	50,745	52,521	60,205	67,116	70,668	73,256	71,160	69,107	66,964	67,576	76,464
Leases and similar arrangements (NFPS)	637	735	884	1,127	1,559	1,752	1,802	1,316	1,882	2,142	2,612	6,991
Securities and derivatives (NFPS)	282	234	303	210	411	216	175	446	895	405	720	1,505

Notes:

1. Numbers may not add due to rounding.

2. Borrowing with QTC in 2013-14 includes bank overdraft of $1.434 billion.

Source: Report on State Finances for Queensland 2009-10 to 2019-20. (Numbers have been recast for changes to UPF presentation.)

9.4 Other General Government uniform presentation framework data

Data in the following tables is presented in accordance with the UPF.

9.4.1 Grants

Data presented in Tables 9.11 and 9.12 provide details of General Government Sector current and capital grant revenue and expenses.

Table 9.11 General Government Sector grant revenue[1]

	2019-20 Outcome $ million	2020-21 Budget $ million
Current grant revenue		
Current grants from the Commonwealth		
General purpose grants	12,794	12,730
Specific purpose grants	9,018	9,890
Specific purpose grants for on-passing	3,658	3,312
Total current grants from the Commonwealth	25,470	25,932
Other contributions and grants	330	366
Total current grant revenue	**25,800**	**26,298**
Capital grant revenue		
Capital grants from the Commonwealth		
Specific purpose grants	1,803	2,742
Total capital grants from the Commonwealth	1,803	2,742
Other contributions and grants	38	54
Total capital grant revenue	**1,841**	**2,796**
Total grant revenue	**27,641**	**29,094**

Note:

1. Numbers may not add due to rounding.

Table 9.12 General Government Sector grant expenses[1]

	2019-20 Outcome $ million	2020-21 Budget $ million
Current grant expense		
Private and Not-for-profit sector	2,999	2,906
Private and Not-for-profit sector on-passing	3,163	3,089
Local Government	193	362
Local Government on-passing	504	243
Grants to other sectors of Government	2,136	2,532
Other	968	632
Total current grant expense	**9,963**	**9,764**
Capital grant expense		
Private and Not-for-profit sector	529	751
Local Government	1,070	1,330
Grants to other sectors of Government	34	20
Other	98	138
Total capital grant expense	**1,732**	**2,238**
Total grant expense	**11,695**	**12,003**

Note:

1. Numbers may not add due to rounding.

9.4.2 Dividends and income tax equivalent income

Table 9.13 provides details of the source of dividend and income tax equivalent income in the General Government Sector.

Table 9.13 General Government Sector dividend and income tax equivalent income[1]

	2019-20 Outcome $ million	2020-21 Budget $ million
Dividend and Income Tax Equivalent income from PNFC sector	1,802	1,062
Dividend and Income Tax Equivalent income from PFC sector	127	117
Total Dividend and Income Tax Equivalent income	**1,929**	**1,179**

Note:

1. Numbers may not add due to rounding.

9.4.3 Expenses by function

Data presented in Table 9.14 provides details of General Government Sector expenses by function.

Table 9.14 General Government Sector expenses by function[1]

	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
General public services	6,829	5,730	5,071	5,035	5,157
Public order and safety	5,635	5,953	5,763	5,994	6,225
Economic affairs	1,981	2,434	2,086	1,965	1,921
Environmental protection	939	791	747	694	646
Housing and community amenities	983	1,084	1,174	1,142	1,120
Health	19,258	20,184	20,112	20,588	21,673
Recreation, culture and religion	920	856	825	795	768
Education	15,404	15,586	16,639	17,226	17,776
Social protection	4,994	5,282	5,053	5,111	5,244
Transport	6,554	6,980	7,336	7,325	7,184
Total Expenses	**63,498**	**64,881**	**64,805**	**65,875**	**67,715**

Note:

1. Numbers may not add due to rounding.

9.4.4 Purchases of non-financial assets by function

Data presented by Table 9.15 provides details of General Government Sector purchases of non-financial assets by function.

Table 9.15 General Government Sector purchases of non-financial assets by function[1]

	2019-20 Outcome $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
General public services	218	190	360	501	10
Public order and safety	501	629	524	446	259
Economic affairs	31	43	65	40	32
Environmental protection	66	42	37	24	26
Housing and community amenities	326	480	388	211	224
Health	706	993	1,493	949	437
Recreation, culture and religion	78	103	80	73	29
Education	1,177	1,631	831	542	596
Social protection	50	51	36	31	10
Transport	3,138	3,410	4,324	5,262	6,140
Total Purchases	**6,291**	**7,572**	**8,136**	**8,078**	**7,762**

Note:

1. Numbers may not add due to rounding.

9.4.5 Taxes

Data presented in Table 9.16 provides details of taxation revenue collected by the General Government Sector.

Table 9.16 General Government Sector taxes[1]

	2019-20 Outcomes $ million	2020-21 Budget $ million
Taxes on employers' payroll and labour force	4,211	3,896
Taxes on property		
Land taxes	1,406	1,493
Stamp duties on financial and capital transactions	3,041	2,694
Other	1,165	1,195
Taxes on the provision of goods and services		
Taxes on gambling	1,258	1,477
Taxes on insurance	1,060	1,078
Taxes on use of goods and performance of activities		
Motor vehicle taxes	2,443	2,496
Total Taxation Revenue	**14,585**	**14,330**

Note:

1. Numbers may not add due to rounding.

9.5 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 *2019-20 Report on State Finances –* whole-of-government financial statements (note 43).

A summary of the state's quantifiable contingent liabilities as at 30 June 2020 is provided in Table 9.17.

Table 9.17 Contingent liabilities

	2019-20 $ million
Nature of contingent liability	
Guarantees and indemnities	13,217
Other	155
Total	**13,371**

9.6 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.

9.6.1 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 from 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.

9.6.2 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.

9.6.3 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.

9.6.4 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.

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 of AASB 1049. Instead, the revised UPF allows jurisdictions to utilise the framework as the base set of statements and add additional relevant information to comply with AASB 1049.

9.7 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.

9.8 Reporting entities

The reporting entities included in the General Government and PNFC sectors in these Budget Papers are included below.

9.8.1 General Government

Departments

Agriculture and Fisheries

Children, Youth Justice and Multicultural Affairs

Communities, Housing and Digital Economy

Education

Employment, Small Business and Training

Energy and Public Works

Environment and Science

Justice and Attorney-General

Premier and Cabinet

Public Safety Business Agency

Queensland Corrective Services

Queensland Fire and Emergency Services

Queensland Health

Queensland Police Service

Queensland Treasury

Regional Development, Manufacturing and Water

Resources

Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships

State Development, Infrastructure, Local Government and Planning

Tourism, Innovation and Sport

Transport and Main Roads

Commercialised Business Units

CITEC

Economic Development Queensland

QBuild

QFleet

RoadTek

Shared Service Providers

Corporate Administration Agency

Queensland Shared Services

Other General Government entities

Board of the Queensland Museum
Crime and Corruption Commission
Cross River Rail Delivery Authority
Electoral Commission of Queensland
Gold Coast Waterways Authority
Health and Wellbeing Queensland
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
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 Emergency Management
Office of the Ombudsman
Prostitution Licensing Authority
Public Service Commission
Queensland Art Gallery Board of Trustees
Queensland Audit Office
Queensland Building and Construction Commission
Queensland Curriculum and Assessment Authority
Queensland Family and Child Commission
Queensland Human Rights Commission
Queensland Mental Health Commission
Queensland Performing Arts Trust
Queensland Racing Integrity Commission
Queensland Reconstruction Authority
Queensland Rural and Industry Development Authority
Residential Tenancies Authority
South Bank Corporation
TAFE Queensland
The Council of the Queensland Institute of Medical Research
The Public Trustee of Queensland
Tourism and Events Queensland
Trade and Investment Queensland

9.8.2 Public Non-financial Corporations

CleanCo Queensland Ltd

CS Energy Limited

Energy Queensland Limited

Far North Queensland Ports Corporations 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 (SEQ Water)

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. Concessions include targeted discounts, rebates and subsidies for Queenslanders and Queensland businesses based on eligibility criteria (e.g. factors such as age, income, special needs, location, or business characteristics), as well as broader concession arrangements to reduce prices paid by consumers of transport, electricity and water services.

The majority of Queenslanders benefit from at least one Queensland Government 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, and vehicle registration fees, as well as subsidised optometry and dental services.

In the context of the coronavirus (COVID-19) crisis and the resulting impacts on economic activity, businesses and households across the state, the Queensland Government introduced a wide variety of concessions providing support for individuals, households and businesses which aim to reduce the cost of living or the cost of doing business. Some of these are time-limited given the need for targeted, but temporary relief. These are also outlined in the Concessions Statement.

Further information on the eligibility requirements and benefits of a range of government concessions can be found at the links below:
http://www.qld.gov.au/community/cost-of-living-support/concessions/
https://www.business.qld.gov.au/running-business/covid-19-recovery

Focus

This statement highlights the cost and nature of concessions provided by the Queensland Government. It covers both concessions that are direct budget outlays (e.g. 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 and other businesses or, in the case of broader concessions, deliver services to all consumers at less than the full cost of service provision.

Section A.2 sets out the specific concessions provided by the Queensland Government by key areas of service delivery.[10] Section A.3 sets out the concessions provided by government-owned corporations (GOCs) and is separated into concessions by GOC, concessional leases (industry,

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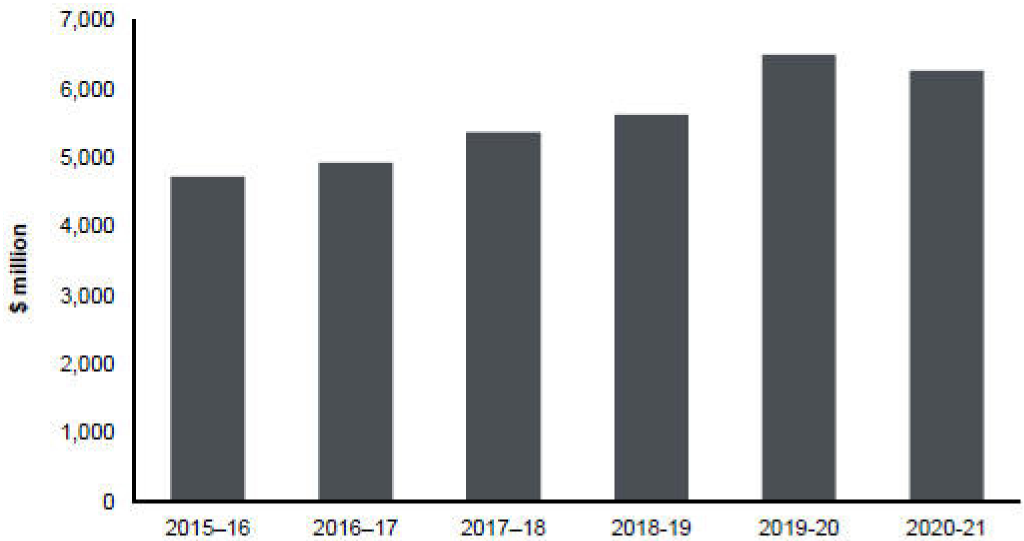
[10] Section A.2 of the Concessions Statement for 2020-21 is organised according to key areas of service delivery, which closely align with the structure of Queensland Government departments prior to the machinery-of-government (MOG) changes following the 2020 Queensland election. The Concessions Statement for 2021-22 will revert back to reporting by government department.

commercial and community) by GOC and COVID-19-related measures by GOC. Within each area of service delivery or GOC, concessions are listed in descending order of value.

The total value of all concessions is estimated to be $6.271 billion in 2020–21. While this Concessions Statement reports a decrease in the estimated value of concessions from 2019-20 to 2020-21—due to the significant support provided in 2019-20 in response to the COVID-19 pandemic and the nature of Queensland's recovery (see Box A.1)—the estimated value of concessions for 2020-21 is still $640 million higher than the concessions reported for 2018-19 in the 2019-20 Concessions Statement (see Chart A.1).

Chart A.1 Total concessions value by year[1]



Note:

1. 2015-16 to 2018-19 is estimated actual; 2019-20 is actual; and 2020-21 is estimated.

This represents a significant commitment to support Queenslanders and Queensland businesses, by improving the accessibility and affordability of a diverse range of services, thereby helping ease cost of living pressures and reduce business expenses. Concessions will continue to provide critical support for households and businesses across the state as the community and economy continue to recover from COVID-19.

Box A.1 Concessions supporting households and business through COVID-19

The COVID-19 pandemic has ravaged economies and communities globally and Queensland is not immune from its effects. It has created global and local economic challenges and diminished community wellbeing. The Queensland Government made a swift and sustained response to the crisis—in terms of both health responses and providing substantial support to Queensland households and businesses.

The Queensland Government's *Unite and Recover: Queensland's Economic Recovery Plan*, highlighted initiatives totalling more than $7 billion to support jobs and the economic capacity of Queensland. Building on this support, the government has committed to a significant package of election commitments totalling $4.3 billion over four years. These measures provide essential support for service delivery as well as continued resources for COVID-19 support and recovery.

As part of this response, the government introduced a range of waivers, discounts, subsidies, and other relief measures in relation to electricity costs, rent, concessional loans, licensing fees, advisory services, and a range of other household and business costs to support those impacted by COVID-19.

The 2020-21 Concessions Statement includes reporting on these COVID-19-related concessions, which amount to more than $900 million in support for individuals, households and businesses across 2019-20 and 2020-21.

This includes over $500 million in utility rebates for households and small-to-medium enterprises, providing vital cost-of-living and cashflow support across the state.

Another key measure was the COVID-19 Jobs Support Loan Scheme, which provided $1 billion in concessional loans to support businesses and non-profits impacted by COVID-19 to retain employees and maintain operations. The concessional value of these loans, reflecting the reduced interest payable relative to market rates, is estimated at $188.9 million.

Rent relief is another key COVID-19-related concession provided by the government, with nearly $50 million in land rent waivers alone provided to Land Act lessees, licensees, and permit-to-occupy holders. Rent relief for businesses who hold a lease on government premises was also provided to support a broad range of tenants across many sectors of the economy.

Over $60 million was also provided to support transport services, including aviation providers, ferry service operators and regional bus operators, as well as assistance with licence renewal fees and vehicle inspections and registrations.

Other COVID-19-related concessions includes a range of assistance measures across many sectors of the economy in regions across the state; such as business counselling and financial advisory services; subsidies for accommodation and travel; various registration and licencing fee waivers; reduced or waived annual fees; and other sector-specific assistance measures.

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, families or businesses based on eligibility criteria (e.g. relating to factors such as age, income, special needs, location, or business characteristics)
- concessional prices for government services, where the price charged to all consumers, including businesses, is less than the full cost of service provision.

Both General Government and Public Non–financial Corporations (PNFC) Sector concessions are included in this statement. 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 2020-21.[11]

Varying methods have been used to estimate the cost of concessions depending on the nature of the concessions, including:

- direct budget outlay cost (e.g. direct subsidy or rebate payments or government's contribution in the case of items such as rental subsidies)
- revenue foregone (e.g. 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 recipients. However, averages are not reflective of individual circumstances, meaning the actual dollar value of the concession to individual recipients may vary from person to person or business to business.

The Concessions Statement does not include tax expenditures (e.g. tax exemptions, reduced tax rates, tax rebates and deductions). Information on tax expenditures can be found in Appendix B –Tax Expenditure Statement.

[11] Note, as an exception to this rule, where COVID-19-related concessions meet the threshold in 2019-20 but not 2020-21, they have been included in the 2020-21 Concessions Statement, since these concessions did not exist at the time of preparation of the 2019-20 Concessions Statement.

A.1 Concessions summary

Table A.1.1 Concession by key area of service delivery and GOC[1]

Concession by key area of service delivery and GOC	2019-20 Actual $ million	2020-21 Estimate $ million
Key area of service delivery		
Agriculture and fisheries	244.9	64.9
Communities, disability services and seniors	768.8	449.7
Education	135.4	142.8
Employment, small business and training	511.5	532.9
Environment and science	9.6	8.6
Housing and public works	486.0	509.0
State development, innovation and tourism	2.9	4.5
Justice	107.7	129.7
Natural resources, mines and energy	785.4	551.4
Transport and main roads	3,016.4	3,400.4
Fire and emergency services	10.4	10.9
Health	291.1	311.2
Total key area of service delivery	**6,370.1**	**6,116.0**
Government-owned corporations		
Energy Queensland	18.8	40.0
Far North Queensland Ports Corporation Limited	4.4	6.0
Gladstone Ports Corporation Limited	45.8	42.6
North Queensland Bulk Ports Corporation Limited	1.8	1.7
Port of Townsville Limited	6.4	6.8
Powerlink	0.1	
Queensland Rail Limited	4.4	8.1
Queensland Bulk Water Supply Authority (Seqwater)	0.2	0.2
Sunwater Limited	50.2	49.8
Total government-owned corporations	**132.1**	**155.2**
Total all entities	**6,502.2**	**6,271.2**

Note:

1. Numbers may not add due to rounding.

A.2 Concessions by key area of service delivery

Table A.2.1 Agriculture and fisheries

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Drought Relief Assistance Scheme[1]	34.4	28.1
Primary Industry Productivity Enhancement Scheme (PIPES)[2]	33.7	20.3
COVID-19 Jobs Support Loan Scheme[3,4]	175.4	13.5
Vessel Tracking Rebate Scheme[5]	0.3	0.9
Back to Work in Agriculture Incentive Scheme[6,4]		0.7
Business Counselling[4]	0.6	0.7
Rent Relief Assistance[7,4]	0.2	0.6
Small Business Advisory Service[8,4]	0.3	0.1
Total	**244.9**	**64.9**

Notes:

1. In 2020-21, the government is providing funding of up to $30 million, held centrally, for the Drought Relief Assistance Scheme ($28.1 million relates to subsidies and rebates). The variance is due to improving seasonal conditions compared with the extreme drought in 2019-20.
2. The variance between 2019-20 and 2020-21 is due to an anticipated decrease in PIPES lending from $115 million in 2019-20 to $100 million in 2020-21 and decreasing interest rates. The PIPES net lending cap during 2019-20 was increased from $100 million to $130 million, however only $115 million was utilised.
3. The scheme has been delivered with a majority of loans advanced in 2019-20. The value of the concession represents the total over the full term of the loans and is shown against the year that the loan was drawn down by the applicant.
4. This item is part of the Queensland Government’s response to COVID-19.
5. The variance is due to the anticipated increase in applications. The final year of the scheme is 2021-22.
6. The scheme commenced on 2 October 2020 and is scheduled to close on 29 January 2021, or earlier, if all funding has been allocated.
7. The rent waiver commenced on 1 April 2020 and closes on 31 December 2020.
8. The advisory service commenced in May 2020 and closed in July 2020.

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 $50,000 per property, per financial year. Fees associated with beekeeper permits have been waived. Free financial counselling is being provided via the Rural Financial Counselling Service for producers and small businesses. This is funded through the Drought Assistance Package.

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 2.1%. The amounts shown in the above table represent the fair values of the interest rate concessions pertaining to loans issued in the PIPES portfolio in each of the financial years shown.

COVID-19 Jobs Support Loan Scheme

COVID-19 Jobs Support Loans are administered by the QRIDA and provide concessional loans to assist Queensland businesses and non-profit organisations financially impacted by COVID-19 to retain employees and maintain their operations.

Concessional loans were provided of up to 50% of an eligible entity's annual wage expense, to a maximum of $250,000. A fixed interest rate of 2.5% per annum applies to loans, except for the first year when the loan is repayment free and no interest is charged. The next two years are interest only, followed by principal and interest repayments over the remaining term of the loan. The amounts shown in the above table represent the fair values of the interest rate concessions pertaining to loans issued in each financial year. The value of the concession is the difference between the fair value at the market rate and the nominal value at the concessional rate.

Vessel Tracking Rebate Scheme

This initiative is designed to assist commercial fishers by providing rebates up to $970 per eligible vessel before 30 June 2022, to offset the cost of purchasing and installing approved vessel tracking units.

Back to Work in Agriculture Incentive Scheme

The Back to Work in Agriculture Incentive Scheme is a pilot scheme to encourage eligible Queenslanders to meet short-term labour shortages in agriculture, which includes payments of up to $1,500 to assist with accommodation and transport costs associated with travelling and staying in remote locations. This pilot scheme focuses on Wide Bay and Darling Downs.

Business Counselling

As part of the COVID-19 Immediate Industry Recovery Package, free financial counselling is being provided to producers and small businesses who are suffering financial hardship.

Rent Relief Assistance

The waiving of rent has been provided to businesses who hold a lease on government premises and have been impacted by the COVID-19 pandemic.

Small Business Advisory Service

The Small Business Advisory Service provided free advice to small businesses who were not successful in obtaining a loan under the COVID-19 Jobs Support Loan Scheme and are subject to closure, or highly impacted by the COVID-19 pandemic restrictions, to adapt and sustain their operations and build resilience. The average value of the concession was $1,350.

Table A.2.2 Communities, disability services and seniors

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Electricity Rebate Scheme[1,2]	189.9	210.2
Electricity Asset Ownership Dividend[3]	2.9	106.9
Pensioner Rate Subsidy Scheme	53.3	56.3
Utility Rebate - COVID-19 - Residential Household Utility Assistance Package and Small/Medium Business Power Bill Relief Package[4,5]	490.2	40.0
South East Queensland Pensioner Water Subsidy Scheme	17.7	19.3
Home Energy Emergency Assistance Scheme	8.7	10.0
Reticulated Natural Gas Rebate Scheme	2.4	2.6
Electricity Life Support Concession Scheme[2]	2.1	2.3
Medical Cooling and Heating Electricity Concession Scheme[2]	1.6	2.1
Total	**768.8**	**449.7**

Notes:

1. The variance is due to the estimated growth in recipients, particularly Health Care Card holders.
2. Electricity price rebates are adjusted annually according to the Queensland Competition Authority's (QCA) price determination for general household electricity tariff (Tariff 11). For 2020-21, the QCA determined Tariff 11 will decrease by 5.9%. However, the government has determined that existing rebate values will not be decreased and will continue to apply in 2020-21.
3. The $2.9 million reported in 2019-20 relates to the 2018-19 allocation. The 2019-20 Electricity Asset Ownership Dividend allocation was incorporated into the 2019-20 COVID-19 Electricity Rebate.
4. 2019-20 Actual consists of $404.2 million under the Residential Household Relief Package and $85.9 million under the Small/Medium Business Rebate Package.
5. This item is part of the Queensland Government's response to COVID-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 (who receive a War Widow/er Pension or Special Rate Totally or Permanently Incapacitated Pension), as well as eligible Commonwealth Health Care Card holders and asylum seekers.

Electricity Asset Ownership Dividend

The Electricity Asset Ownership Dividend is providing Queensland households with a $50 electricity rebate in 2020-21. This will be the fourth dividend since 2017-18 and will be credited on residential customers' bills between September and November. The 2019-20 Asset Ownership Dividend allocation was incorporated into the 2019-20 COVID-19 Electricity Rebate with $2.9 million reported in 2019-20 relating to the 2018-19 allocation.

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.

Utility Rebate - COVID-19 - Residential Household Utility Assistance Package and Small/Medium Business Power Bill Relief Package

Utility Rebates provided as a COVID-19 response initiative during the pandemic have included a $200 rebate for residential electricity and water household relief and a $500 electricity rebate for small to medium enterprises. The household utility rebate was provided directly off electricity bills to offset household electricity and water costs. Funding in 2020-21 of $40 million has been provided to continue payments for late applicants to the scheme.

This significant measure provided support to Queensland households and small businesses in 2019-20 during the period when COVID-19 was most impacting the economy.

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.

Reticulated Natural Gas Rebate Scheme

The Reticulated Natural Gas Rebate Scheme provides a rebate of up to approximately $75 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 (who receive the War Widow/er Pension or Special Rate Totally or Permanently Incapacitated Pension).

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.

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 depend on air conditioning to regulate body temperature.

Table A.2.3 Education

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Textbook and Resource Allowance[1]	66.2	67.7
School Transport Assistance for Students with Disability[2]	41.3	46.9
Tuition Fee Exemptions/Waivers - Dependants of International Students[3]	8.4	8.6
Living Away from Home Allowance Scheme	7.8	7.8
Non-State Schools Transport Assistance Scheme[4]	6.2	6.2
Dalby State High School - Bunya Campus Residential Facility	2.6	2.6
Spinifex State College - Mount Isa Student Residential Facility	1.2	1.2
Distance Education - Information and Communication Technology Subsidy Scheme	1.0	1.0
Distance Education - Non-Government Student Fee Subsidy	0.7	0.7
Plant Registration - Amusement Devices[5]	—	0.1
Total	**135.4**	**142.8**

Notes:

1. The increase between 2019-20 Actual and 2020-21 Estimate is due to enrolment growth.
2. The increase between 2019-20 Actual and 2020-21 Estimate is due to lower than anticipated take-up of taxi travel during Semester 1, 2019.
3. The increase between 2019-20 Actual and 2020-21 Estimate is due to CPI indexation.
4. The increase between 2019-20 Actual and 2020-21 Estimate is due to CPI indexation. The title of the concession has been updated to reflect the program name.
5. This item is part of the Queensland Government's response to COVID-19.

Textbook and Resource Allowance

The Textbook and Resource Allowance is available for all parents/caregivers of secondary school age students attending state and non-government schools, and children registered in home education of equivalent age, to assist with the cost of textbooks and learning resources. In schools, parents may sign over this allowance to the school to reduce the fees associated with participating in the school's textbook and resource scheme. For children registered for home education, the allowance is paid directly to the parent.

In 2020, the rates per annum are $130 for students in Years 7 to 10 and $281 for students in Years 11 and 12.

School Transport Assistance for Students with Disability

The School Transport Assistance Program for Students with Disability assists eligible state school students whose disability impacts on their parents or carers ability to arrange their safe travel to and from school. This assistance includes co-ordinated service delivery in specially contracted taxis or minibuses, payment of fares on bus, ferry, tram and train, or an allowance for parents who make private travel arrangements for their children to school or a transport meeting point. 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 disability attending non-state schools (refer to the ‘Non-State Schools Transport Assistance Scheme’).

The Council of Australian Governments, Disability Reform Council has agreed that states and territories will continue to deliver these services for National Disability Insurance Scheme (NDIS) participants on an ‘in kind’ basis until the end of the 2023 school year. The Department of Education is working with the Department of Transport and Main Roads, the Australian Government, the National Disability Insurance Agency and other jurisdictions to develop a viable national model for the delivery of school transport for students with disability under the NDIS.

Tuition Fee Exemptions/Waivers – Dependants of International Students

International students who meet the approved exemption criteria and wish to enrol their child in Preparatory (Prep) Year to Year 12 of schooling are 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 $8,255 for the 2020-21 financial year.

Living Away from Home Allowance Scheme

The Living Away from Home Allowance Scheme provides financial assistance to support geographically isolated families. The scheme assists with the costs of children required to live away from home to attend school. This concession is available to Queensland students attending both state and non-state schools.

The benefits available for eligible students in 2020 are:

- Remote Area Tuition Allowance – assistance is available for primary students of up to $3,873 per annum and for secondary students of up to $5,576 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 $146 to a maximum of $1,786 per annum.
- Remote Area Allowance – assistance of $2,435 per annum is available to students attending a campus of a Queensland state high school and undertaking an approved agriculture course in lieu of Years 11 and 12.
- Remote Area Disability Supplement – available to students with disability who incur additional costs associated with living away from home to attend school. Benefits are up to $7,921 per student, per annum.

Non-State Schools Transport Assistance Scheme

The Non-State Schools Transport Assistance Scheme directly assists families through the provision of funding towards the transport costs incurred for eligible students enrolled in non-state schools. Under the Scheme, payments are made twice a year to the families of students enrolled in non-state schools located beyond the Brisbane City Council area where bus fare expenses are above a set weekly threshold amount. In 2020, the weekly threshold is $25 per family, or $20 for families with a current Health Care Card, Pensioner Concession Card or Veterans' Affairs Card.

The program also assists families of eligible students with disability enrolled in non-state schools. The level of assistance provided is dependent on the type of transport needed and travel assistance already provided by the Department of Transport and Main Roads (DTMR). For families using taxi travel, the benefit level is to a maximum of $300 per week, inclusive of any assistance provided through DTMR's Taxi Subsidy Scheme.

The Council of Australian Governments, Disability Reform Council has agreed that states and territories will continue to deliver these services for National Disability Insurance Scheme (NDIS) participants on an 'in kind' basis until the end of the 2023 school year. The Department of Education is working with the DTMR, the Australian Government, the National Disability Insurance Agency and other jurisdictions to develop a viable national model for the delivery of school transport for students with disability 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 $1,390 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.

Plant Registration – Amusement Devices

The refund of plant item registration fees for amusement devices is available to owners of amusement devices who paid registration fees for the 2020 year. The refund is provided to support businesses with amusement devices who were impacted by the COVID-19 pandemic and were unable to operate their devices at the shows and fairs that are the main source of income for the mobile amusement device industry throughout this year.

The registration fee is dependent on the class of amusement device, however fees range from $185.30 to $396.50. This concession is new in 2020-21.

Table A.2.4 Employment, small business and training

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Vocational Education and Training (VET) - Certificate 3 Guarantee Tuition Fee Subsidy[1]	231.2	241.7
User Choice - Apprentice and Trainee Training Subsidy[1]	202.2	213.9
VET - Higher Level Skills Tuition Fee Subsidy	75.8	75.0
Travel and Accommodation Subsidy	2.3	2.3
Total	**511.5**	**532.9**

Notes:

1. The variance is due to the demand driven nature of the programs.

Vocational 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, including pathways for disadvantaged learners and Queensland school students (VET in Schools).

The subsidy is available to pre-approved private and public registered training organisations to subsidise tuition fees paid by students undertaking eligible vocational education and training qualifications (primarily Certificate III qualifications).

The value of this subsidy for each qualification ranges from $472 to $6,650, depending on student eligibility and qualification subsidised. The average subsidy value is $3,060.

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 outcomes. The subsidy is available to pre-approved public and private registered training organisations to subsidise tuition fees to reduce the cost of nationally recognised 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 $1,180 to $50,720, depending on student eligibility and qualification subsidised. The average subsidy value is $9,845.

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 qualification or industry endorsed skill set. This program assists individuals to 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 pre-approved private and public registered training organisations 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 $1,175 to $10,370, depending on student eligibility and qualification subsidised. The average subsidy value is $4,384.

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 100km 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 21 cents per km for distances between 100km - 649km, increasing to 26 cents per km for distances of 650km or more
- cost of ferry travel if necessary
- a return economy air ticket to the location of the registered training organisation if necessary
- accommodation assistance of $30 per day for overnight stay within Queensland and $72 for interstate travellers, if it is necessary to live away from their usual place of residence to attend training.

Table A.2.5 Environment and science

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Queensland Parks and Wildlife Service - Tour Fee and Access Permit Concessions	1.6	1.6
Queensland Museum - Arts Concessional Entry Fees[1]	2.4	1.4
COVID-19 Relief - Queensland Parks and Wildlife Service - Fee Relief to Commercial Tour Operators[2]	0.4	1.4
Arts Queensland - Discount on Property Lease Rentals[3]	0.7	0.9
Queensland Art Gallery - Arts Concessional Entry Fees[4]	0.4	0.7
COVID-19 Relief - Queensland Parks and Wildlife Service - National Park and State Forest Rent Relief[2]	0.2	0.6
Queensland Performing Arts Trust - Arts Concessional Entry Fees[5]	2.4	0.5
COVID-19 Relief - Arts Queensland - Property Lease Rental Relief[2]	0.2	0.4
Arts Queensland - Venue Hire Rebates[6]	0.2	0.3
Queensland Performing Arts Trust - Venue Hire Rebates	0.3	0.3
State Library of Queensland - Venue Hire Rebates[7]	0.5	0.3
COVID-19 Relief - Queensland Museum - Additional Concessions[2]	0.1	0.1
COVID-19 Relief - Queensland Parks and Wildlife Service - Waiver of Commercial Whale Watching Operator Fees[2]	—	0.1
COVID-19 Relief - Queensland Performing Arts Trust - Additional Concessions[2]	0.2	—
Total	**9.6**	**8.6**

Notes:

1. Variance between 2019-20 Actual and 2020-21 Estimate is mainly due to expected changes in visitation numbers in 2020-21 due to venue maintenance and impacts of COVID-19.
2. This item is part of the Queensland Government's response to COVID-19.
3. Variance between 2019-20 Actual and 2020-21 Estimate is due to an increase in net lettable space in 2020- 21, which will be available to support the arts sector recovery, including subsidised office and car park bays at the Judith Wright Arts Centre and Bulmba-ja Arts Centre, following completion of refurbishment works.
4. Variance between 2019-20 Actual and 2020-21 Estimate is due to early closure or cancellation of exhibitions in 2019-20 as a result of COVID-19.
5. Variance between 2019-20 Actual and 2020-21 Estimate is primarily due to closure of venues and reduced patronage as a result of COVID-19.
6. Variance between 2019-20 Actual and 2020-21 Estimate is due to an anticipated uplift in activities at the Judith Wright Arts Centre and Bulmba-ja Arts Centre, following the completion of refurbishment in 2019-20.
7. Variance between 2019-20 Actual and 2020-21 Estimate is due to an expected decrease in usage of venue hire spaces in 2020-21.

Queensland Parks and Wildlife Service – Tour fee and Access Permit Concessions

Admission and ranger guided tour fee concessions are available at several attractions for children, pensioners and educational purposes. Vehicle access permit concessions are available in the Cooloola Recreation Area, Bribie, Moreton (Mulgumpin) and Fraser (K'gari) Islands. Camping concessions are available in all national park and forest camping areas for educational purposes and children under five years of age.

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 and 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.

COVID-19 Relief – Queensland Parks and Wildlife Service – Fee Relief to Commercial Tour Operators

The Queensland Government is assisting Queensland tourism through waiving of daily activity and passenger fees for commercial tour operators using protected areas, recreational areas and state forests to March 2021.

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 Arts Centre (formerly the Judith Wright Centre of Contemporary Arts), Festival House and Bulmba-ja Arts Centre (formerly 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.

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.

COVID-19 Relief – Queensland Parks and Wildlife Service – National Park and State Forest Rent Relief

The Queensland Government is supporting Queensland's economic recovery by providing rent relief to commercial tenants holding leases in national parks and state forests to December 2020.

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.

COVID-19 Relief – Arts Queensland – Property Lease Rental Relief

Property lease rental relief is provided to arts and cultural organisations in response to the impacts of COVID-19.

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 Arts Centre and the Bulmba-ja Arts Centre.

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 nonprofit 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.

COVID-19 Relief – Queensland Museum – Additional Concessions

The Queensland Government is supporting the arts sector through rental relief provided to arts tenants in 2019-20 and 2020-21.

COVID-19 Relief – Queensland Parks and Wildlife Service – Waiver of Commercial Whale Watching Operator Fees

The Queensland Government is supporting tourism operators impacted by COVID-19 through waiving of annual commercial whale watching fees for the 2020 season.

COVID-19 Relief – Queensland Performing Arts Trust – Additional Concessions

Additional concession charges were waived to provide support for other not-for-profit theatre companies due to the COVID-19 shutdown measures. The level of assistance provided varies depending on the number and size of events.

Table A.2.6 Housing and public works

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Government Managed Housing Rental Rebate	429.6	450.8
National Rental Affordability Scheme	27.8	28.3
Home Assist Secure	21.3	22.5
Non-residential Buildings - Subsidised Rents	6.3	6.1
Commercial Rent Relief[1]	0.3	0.6
Rental Bond Loans	0.4	0.4
Queensland Recreation Centres - Concessional Usage Rates	0.3	0.3
Non-government Managed Housing[2]	—	—
Total	**486.0**	**509.0**

Notes:

1. This item is part of the Queensland Government's response to COVID-19.
2. 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 estimated 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 54,100 households and the estimated average yearly subsidy per household for 2020-21 is $8,339.

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 2020-21, the government has allocated $28.3 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. 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 the 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 2020-21, it is estimated that over 40,000 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 25 properties comprising a total floor area of approximately 30,632 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.

Commercial Rent Relief

As part of the government response to COVID-19, rent relief has been provided for private commercial tenants of government buildings.

Rental Bond Loans

The government provides interest-free rental bond loans to people who cannot afford to pay a full bond to move into private rental accommodation, thereby reducing the need for more costly, subsidised housing assistance, through two products:

- Bond Loans: equivalent to a maximum amount of four weeks rent, or
- Bond Loan Plus: equivalent to a maximum amount of six weeks rent.

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 2020-21, $29.2 million in bond loans and bond loan plus may be advanced to an estimated 22,000 clients.

Queensland Recreation Centres – Concessional Usage Rates

Concessional usage rates are offered to clients who meet the strategic objectives of the Activate! Queensland Strategy, including not-for-profit sport and recreation organisations, Queensland schools and Queensland state sporting organisations, for the use of Queensland recreation centres, at Currimundi and Tallebudgera. These concessional rates provide a discount between 6.3% to 18.2% of the full charge to approximately 27,500 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 improving 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 between 25% and 30% of a household's assessable income or the market rent, whichever is lower, which substantially reduces accommodation costs for eligible individuals and families. Many of these families may also be eligible for Commonwealth Rent Assistance to assist with the cost of their accommodation.

Table A.2.7 State development, innovation and tourism

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
COVID-19 Rent Relief – Economic Development Queensland (EDQ)[1]	2.5	3.3
COVID-19 Advance Queensland Valley Precinct Rent Relief[1]	0.4	1.2
Total	**2.9**	**4.5**

Notes:

1. This item is part of the Queensland Government's response to COVID-19.

COVID-19 Rent Relief – Economic Development Queensland (EDQ)

As part of the Queensland Government's COVID-19 support, rent relief is being provided for businesses with leases with Economic Development Queensland to 31 December 2020.

COVID-19 Advance Queensland Valley Precinct Rent Relief

As part of the Queensland Government's COVID-19 support, rent relief is being provided for businesses which rent space at the Advance Queensland Valley Precinct to 31 December 2020.

Table A.2.8 Justice

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Public Trustee of Queensland - Concessions	38.4	40.3
Court Services - Civil Court	30.9	30.8
Queensland Civil and Administrative Tribunal	23.2	22.0
Office of Liquor and Gaming Regulation - License Fees[1]	—	21.7
Blue Card - Volunteer Applicants	11.4	11.6
Body Corporate and Community Management - Dispute Resolution	2.7	2.6
Office of Liquor and Gaming Regulation - Rent Relief Scheme[1]	0.3	0.3
Registry of Births, Deaths and Marriages - Fee Waivers[1]	0.1	0.1
Court Services - Rent Relief Scheme[1]	—	0.1
Public Trustee of Queensland - Rent Relief Scheme[1]	—	0.1
Prostitution Licencing Authority - Fee Waivers[1]	0.3	0.1
Office of Liquor and Gaming Regulation - Rural Hotel Concessions	0.4	—
Total	**107.7**	**129.7**

Notes:

1. This item is part of the Queensland Government's response to COVID-19.

Public Trustee of Queensland – Concessions

The Public Trustee of Queensland (the Public Trustee) is a self-funded 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 set 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.

Office of Liquor and Gaming Regulation – License Fees

The *Liquor Regulation 2002* and the *Wine Regulation 2009* were amended to waive liquor and wine licence fees for the 2020-21 licence period. The licence fee waiver supports existing operators who had to close their doors due to the public health restrictions in place during the 2019-20 licence period. Licensees who held their licence immediately before 1 July 2020 received the fee waiver. This estimate includes the portion that relates to the Rural Hotel Concessions.

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. 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. The commissioner has the discretion to waive application fees on the grounds of financial hardship.

Office of Liquor and Gaming Regulation – Rent Relief Scheme

Rental relief provided due to COVID-19 represents revenue foregone. The rent relief measure has been extended to 31 December 2020 for businesses renting State Government premises and incurring a demonstrable COVID-19 impact.

Registry of Births, Deaths and Marriages – Fee Waivers

The Registry of Births, Deaths and Marriages waives the fees for certificates provided to disadvantaged groups in the Queensland community (e.g. Indigenous, homeless, domestic and family violence victims, etc) and those impacted by major emergencies (e.g. natural disasters such as cyclones and bushfires).

Court Services – Rent Relief Scheme

Rental relief provided due to COVID-19 represents revenue foregone. The rent relief measure has been extended to 31 December 2020 for businesses renting State Government premises and incurring a demonstrable COVID-19 impact.

Public Trustee of Queensland – Rent Relief Scheme

Rent relief provided due to COVID-19 represents revenue forgone. The rent relief measure has been extended to 31 December 2020 for businesses renting State Government premises and incurring demonstrable COVID-19 impact.

Prostitution Licencing Authority – Fee Waivers

On 23 March 2020, the Prostitution Licencing Authority agreed to waive brothel licence fees and approved managers' certificate fees up to 22 September 2020 to provide support to the licenced sector.

Office of Liquor and Gaming Regulation – Rural Hotel Concessions

The Office of Liquor and Gaming Regulation licenses hotels and clubs under the *Liquor Act 1992*. Under the *Liquor* (*Rural Hotels Concession*) *Amendment Act 2019*, the Rural Hotels Concession provides licence fee relief to establishments in remote communities by reducing the base licence fees for hotels and community clubs with no more than 2,000 members for eligible licences from July 2019.

The concession for 2020-21 has been included in the Office of Liquor and Gaming Regulation – Liquor License Annual Fee Waiver concession as part of the overall licensing fee waiver in response to COVID-19.

Table A.2.9 Natural resources, mines and energy

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Energy Queensland - Uniform Tariff Policy (excluding Isolated Systems)[1]	436.3	388.0
Energy Queensland - Uniform Tariff Policy for Isolated Systems[2]	51.9	66.0
Rent Relief Scheme - Land Rent Waivers[3]	15.8	31.2
Extending Existing Drought Relief Arrangements - Electricity Charge Scheme[4]	9.9	15.0
Sunwater Rural Irrigation Water Price Subsidy[5]	1.7	12.5
Affordable Energy Plan - Energy Savers Program[6]	0.2	10.5
Backing Explorers (Resources Sector) Waiver[3]	3.2	9.8
Cloncurry Pipeline Water Supply Subsidy	6.0	6.2
Extending Existing Drought Relief Arrangements - Water Licence Fee	2.3	4.2
Waiver and Land Rental Rebates Origin Energy - Uniform Tariff Policy	2.8	2.9
Tourism Leases, Licences and Permits[3]	—	2.7
Seqwater Bulk Water Rural Irrigation Water Price Subsidy	2.0	2.2
Daintree Area Scheme[3]	—	0.2
Powering Queensland Plan - Electricity Affordability Package[7]	239.0	—
Affordable Energy Plan - Solar and Storage Interest Free Loans Scheme[7]	11.0	—
Solar for Rental Property Rebate[7]	2.1	—
Affordable Energy Plan - Energy Savvy Families	1.2	—
Total	**785.4**	**551.4**

Notes:

1. Energy Queensland Limited (EQL) is forecasting a decrease in the community service obligation (CSO) for 2020-21 compared to 2019-20 predominately due to a reduction in regulated network and retail tariffs compared to 2019-20.
2. EQL is forecasting an increase in the CSO for isolated systems due to increased costs in operating and maintaining isolated electricity systems.
3. This item is part of the Queensland Government's response to COVID-19.
4. Expenditure is dependent on the number of registered eligible parties in drought declared areas seeking a rebate for fixed charges of their electricity accounts. This includes fixed charges under Tariff 66, services fees and minimum payments.
5. Variance is largely due to Sunwater's irrigation costs allowed by the Queensland Competition Authority (QCA) for 2020-21 having increased since the last QCA review completed in 2012. Also, it is slightly higher due to some pricing concessions for COVID-19.
6. These programs were extended by 12 months to 30 June 2021 to align with the Ministerial announcement of deferring the phase out date for obsolete tariffs. As a result, a small number of grants were paid in 2019-20 as audits and implementation were still underway. Accordingly, the expenditure in 2020-21 has been estimated to be larger than 2019-20 as participants have committed to implementation, increasing the number of grants estimated to be paid.
7. Scheme ended on 30 June 2020. Accordingly, there is no estimated expenditure in 2020-21.

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.

Rent Relief Scheme – Land Rent Waivers

As part of the Queensland Government's commitment to support small business during the COVID-19 pandemic, $33.9 million for land rent relief would be applied to *Land Act 1994* lessees, licensees or permit to occupy holders, who conduct a business on state land, for the period 1 April to 30 September 2020.

A further rent waiver of $14.1 million for Land Act tenure holders adversely affected by the economic conditions caused by COVID-19 was approved for the period 1 October to 31 December 2020.

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.

Sunwater Rural Irrigation Water Price Subsidy

As the owner of Sunwater Limited (Sunwater), the government decides how much of Sunwater's costs are to be recovered 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.

Affordable Energy Plan – Energy Savers Program

The 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 three-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, 180 audits for agricultural customers have been completed. In addition to this, co-contribution grants of up to $20,000 have been made available to assist businesses in implementing the recommendations from the audit. The free energy audits have identified $3 million in annual energy saving opportunities for a range of farming businesses.

Under the expanded Large Customer Adjustment Program (and the preceding trial), 21 audits of large customers have been completed and co-contributions of up to 50% of implementation costs, capped at $250,000, are being made available to eligible customers to help encourage them to implement the audit recommendations. The free energy audits have identified over $1.3 million in annual energy saving opportunities for a range of farming businesses.

Backing Explorers (Resources Sector) Waiver

As part of the Queensland Government's commitment to maintaining a strong resources sector during the COVID-19 pandemic, a six-month rent waiver of $6.3 million for exploration permits and authority to prospect (petroleum and gas) was approved for holders whose rent was due within the period of 1 April to 30 September 2020. A further six-month waiver of $6.6 million was approved for the period 1 October 2020 to 31 March 2021.

Under this arrangement the payment of annual rent and mining and petroleum exploration tenures as well as the payment of the fee that is charged to holders of an authority to prospect that apply for a special amendment to their work program will be waived during the period 1 April 2020 to 31 March 2021.

Cloncurry Pipeline Water Supply Subsidy

North West Queensland Water Pipeline Limited (NWQWP), a 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. The government provides funding to NWQWP to ensure the pipeline remains commercially viable to operate while providing an affordable and safe water supply to Cloncurry.

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 $83.85 will be waived for 2019-20 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 2019-20. 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 (NSW) Essential Energy distribution network.

The government provides a rebate to these customers, via a CSO payment to Origin Energy, to ensure they pay a similar price for electricity in Queensland. Therefore, the CSO amount depends on the relative difference between Queensland and NSW retail electricity tariffs for non-market customers.

Tourism Leases, Licences and Permits

Certain Land Act leases, licences and permits for tourism purposes had their rent waived for the period 1 April 2020 to 30 September 2020 in response to the impact of COVID-19 on the tourism industry.

In August 2020, the government approved an extension to the waiver to 21 March 2021. This will result in further forgone revenue of $2.7 million, which will arise from the extended rent waiver until 31 March 2021 for operating tourism leases, licences and permits in rental category 13.1.

Seqwater Bulk Water Rural Irrigation Water Price Subsidy

As the owner of Seqwater, the government decides how much of Seqwater's costs are to be recovered through irrigation prices. Currently, Seqwater'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 Seqwater to offset the reduced revenue.

Daintree Area Scheme

In response to the COVID-19 pandemic, the Daintree Area Scheme aims to support the Daintree community by providing financial assistance to households, small businesses and non-profit organisations operating from off-grid premises in the area. Payments available under the scheme include $200 for households and $500 for small businesses and non-profit organisations.

Powering Queensland Plan – Electricity Affordability Package

The Powering Queensland Plan provided one-off funding over three years starting in 2016-17 and totalling $771 million to support the stabilisation of electricity prices for Queensland consumers. It achieved this by funding the removal of costs of the Solar Bonus Scheme from electricity prices for three years from 1 July 2017 to 30 June 2020, and directing Energy Queensland to remove costs from network charges. The benefit to Queenslanders in 2019-20 due to this measure was $239 million.

Affordable Energy Plan – Solar and Storage Interest Free Loans Scheme

The Solar and Storage Interest Free Loans Scheme, which closed on 30 June 2020, was 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. The scheme started in 2018-19 and closed in 2019-20. More than 15MW of new solar generation and 24MWh of battery storage has been installed by customers of the scheme.

Solar for Rental Property Rebate

The Solar for Rental Property Rebate Scheme, which closed on 30 June 2020, aimed to help landlords and tenants share the value of installing solar systems. Rebates of up to $3,500 were available for eligible landlords to install solar and monitoring at their rental properties in the Bundaberg, Gladstone and Townsville LGAs. A total of 670 systems were installed under the program.

Affordable Energy Plan – Energy Savvy Families

The Affordable Energy Plan included a $4 million expansion of the Energy Savvy Families program over multiple years from 2016-17. The program provided digital electricity meters as well as educational material and information to 4,000 low income families in regional Queensland to help them better understand and manage their energy use.

Table A.2.10 Transport and main roads

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
General Public Transport Concessions (South East Queensland)[1]	1,553.4	1,745.0
Rail Network and Infrastructure Funding[2]	651.9	728.4
General Public Transport Concessions (Regional Queensland)	271.6	309.6
Vehicle and Boat Registration Concessions	184.5	192.0
School Transport Assistance Scheme[3]	136.7	155.8
TransLink Transport Concessions (South East Queensland)	82.8	82.3
COVID-19 Relief Measures - Transport Services[4,5]	14.9	47.0
Livestock and Regional Freight Contracts	35.1	40.3
Rail Concession Scheme[6]	29.8	39.4
Other Transport Concessions (Regional Queensland) and Taxi Subsidies	23.3	24.7
Mount Isa Line Below Rail Subsidy	20.0	20.0
COVID-19 Relief Measures - Rent Relief[4]	4.7	7.8
Practical Driving Test[7]	4.5	4.1
Designated Public Transport Concessions for Seniors Card Holders	3.2	4.0
Total	**3,016.4**	**3,400.4**

Notes:

1. The increase is due to the estimated full year reduction in fare revenue due to COVID-19 and increased rail costs for additional train crew and services.
2. The increase is primarily due to increased costs for Cross River Rail operational readiness.
3. The increase is due to indexation of payments, growth in the number of students and additional cleaning costs due to COVID-19.
4. This item is part of the Queensland Government's response to COVID-19.
5. The increase is due to continued assistance in 2020-21 and additional government assistance provided for the taxi and limousine industry.
6. The increase is reflective of the lower demand in 2019-20 due to COVID-19.
7. The reduction in 2020-21 is due to additional revenue from tests that were deferred in April, May and June due to COVID-19.

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, improving 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 the Rail XPT Service (Sydney-Brisbane) and Savannahlander (Atherton Tableland)
- subsidies for air services to remote and rural communities within the state
- subsidies for regional bus and ferry operators (excluding concessional top up amounts and School Transport Assistance Scheme related amounts)
- subsidies for long distance coach services to rural and remote communities within the state.

Vehicle and Boat Registration Concessions

Registration concessions for light and heavy motor vehicles and recreational boats are provided to a range of groups including 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 four-cylinder vehicle would reduce the 12-month registration charge from $334.50 to $167.25. For a recreational boat, up to and including 4.5 metres in length, the concession reduces the registration charge from $90.30 to $45.15 (based on registration charges at 1 July 2020).

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 six-cylinder SIV concession reduces registration from $529.65 to $94.25. A concession is also available for specific purposes such as water, mineral or oil exploration and bee keeping. Eligible primary producers also receive registration concessions for their heavy vehicles, reducing their registration fees by 50% to 75%. For example, a primary producer's 12-month registration fee for a two-axle short combination prime mover reduces from $1,124 to $562. Other motor vehicle registration concessions are also provided to local governments, charitable and community service organisations, and people living in remote areas without access to the wider road network. Vessel registration concessions may be provided to accredited surf lifesaving clubs and schools.

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, secondary and tertiary students, Newstart and Youth Allowance (Job Seeker) recipients, asylum seekers and White Card Holders. Under the new 2020 fares, for a peak one-zone journey using a *go* card, the concession will reduce an adult fare from $3.37 to $1.69.

COVID-19 Relief Measures – Transport Services

COVID-19 relief measures for transport services provided by the government include:

- funding assistance to support passenger transport aviation providers, ferry service operators and regional bus operators in Queensland
- financial assistance for the personalised transport industry
- waiving of learner licence renewal fees due to the cancellation of practical driving tests
- waiving cancellation fees, number plate fees and, in most cases, the costs associated with vehicle inspections on re-registration.

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.

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).

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, secondary and tertiary students, Newstart and Youth Allowance (Job Seeker) recipients, asylum seekers and White Card holders. 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.

Mount Isa Line Incentive Scheme

In recognition of the importance the Mount Isa Line plays in facilitating the transportation of freight from pit to port, from 2019-20, the Queensland Government is paying $20 million per annum to eligible freight users under the four-year $80 million Mount Isa Line Incentive Scheme. This payment reduces below rail access costs to further promote rail for freight, as well as supporting continued development of the North West Minerals Province.

COVID-19 Relief Measures – Rent Relief

As part of the government's response to COVID-19, rent relief is being provided for tenants who rent space at Department of Transport and Main Roads-owned properties to 31 December 2020.

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 ($54.91 (excluding GST) as at 1 July 2020), providing a direct concession to applicants.

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.

Table A.2.11 Fire and emergency Services

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Emergency Management Levy Concessions	10.2	10.5
COVID-19 Advertising Rental Abatement[1]	0.2	0.4
Total	**10.4**	**10.9**

Notes:

1. This item is part of the Queensland Government's response to COVID-19.

Emergency Management Levy Concessions

The Emergency Management Levy (EML) is applied to all prescribed Queensland property via council rates to ensure there is a secure funding base for fire and emergency services when Queenslanders are at risk during emergencies such as floods, cyclones, storms, fires and accidents. A 20% discount is available on the EML for a property that is the owner's principal place of residence and where the owner holds a Commonwealth Pensioner Concession Card or a Repatriation Health Card (Gold Card).

COVID-19 Advertising Rental Abatement

To support Queensland's economic recovery from the impacts of COVID-19, the Queensland Fire and Emergency Services (QFES) provided rental abatement of up to 120 days on rental rates for billboard advertising located on QFES buildings.

Table A.2.12 Health

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Oral Health Scheme[1]	175.7	175.7
Patient Travel Subsidy Scheme	82.4	94.8
Medical Aids Subsidy Scheme	22.6	29.0
Spectacle Supply Scheme	8.5	9.9
Hospital Car Parking Concession Scheme	1.8	1.8
Community Aids Equipment, Assistive Technologies Initiative and Vehicle Options Subsidy Scheme[2]	0.1	—
Total	**291.1**	**311.2**

Notes:

1. The 2020-21 estimate is based on the 2019-20 actual.
2. Lead times for selected assistive technology rolled over into the 2019-20 period, with payment for these items subsequently made and captured in the budget for that year.

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, $1,600 for treatment involving dentures, and $250 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 travelling for specialist medical services that are not available locally. The PTSS provides a financial subsidy toward the cost of travel and accommodation for patients, and in some cases an approved escort, when patients are required to travel more than 50 kilometres from their nearest public hospital or public health facility to access specialist medical services.

Patients receive fully subsidised commercial transport for the most clinically appropriate cost-effective mode or will be subsidised at the economy/government discount rate (excluding GST). A subsidy of 30 cents per kilometre is paid where patients travel by private car. Accommodation subsidies are $60 per person, per night, for the patient and approved escort if they stay in commercial accommodation, or a subsidy of $10 per person, per night, if staying with family or friends.

Medical Aids Subsidy Scheme

The Medical Aids Subsidy Scheme (MASS) provides access to subsidy funding assistance for the provision of a range of aids and equipment to eligible Queensland residents with permanent and established 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 provided approximately 55,000 occasions of service to approximately 38,000 clients during 2019-20.

Spectacle Supply Scheme

The Spectacle Supply Scheme (SSS) 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 SSS provides around 90,000 items each year to approximately 70,000 clients (some clients require more than one pair of spectacles due to clinical need). The average cost of services provided to applicants is approximately $108 per item, including the costs of administering the scheme through the Medical Aids Subsidy Scheme.

Hospital Car Parking Concession Scheme

The Hospital Car Parking Concession Scheme supports hospital and health services to provide affordable car parking for eligible patients and their carers at 13 Queensland public hospitals with paid parking. Car parking concessions are available to eligible patients and their carers who attend hospital frequently or for an extended period of time, patients and their carers with special needs who require assistance, and patients and carers experiencing financial hardship.

The scheme provides access to discounted parking with an average discount of approximately 54% of the commercial cost of parking. It is estimated that for 2020-21, approximately 323,000 patients and carers will benefit from the scheme, receiving access to 470,000 concessions.

Community Aids Equipment and 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 subsidised driving lessons on a suitably modified vehicle, modifications to a vehicle, purchase of a suitably modified vehicle or a 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.

Funding was transferred to the National Disability Insurance Scheme (NDIS) on 1 July 2019 and CAEATI and VOSS ceased receiving applications on 1 October 2018. The NDIS was fully rolled out in Queensland on 30 June 2019.

A.3 Concessions by Government-owned corporation

Table A.3.1 Energy Queensland

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Regulated Service Charges - Energex	12.7	28.4
Regulated Service Charges - Ergon Energy	6.0	11.5
Total	**18.7**	**39.9**

Regulated Service Charges – Energex

Under Schedule 8 of the *Electricity Regulation 2006*, service 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, to households.

Regulated Service Charges – Ergon Energy

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 such as 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, to households.

Table A.3.2 Gladstone Ports Corporation Limited

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Concessional Port Charges	42.9	39.3
Total	**42.9**	**39.3**

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

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Water Supply Contracts	50.2	49.8
Total	**50.2**	**49.8**

Water Supply Contracts

Sunwater Limited has a number of historic non-commercial water supply contracts that benefit specific entities (including local governments). The amount shown represents the difference between the estimated revenue under these contracts and that which could be recovered under a full cost allocation model.

Table A.3.4 Concessional Leases (Industry, Commercial and Community) by entity

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Port of Townsville Limited	6	6.1
Gladstone Ports Corporation Limited	2.9	2.9
Queensland Rail Limited	2	2.1
Far North Queensland Ports Corporation Limited	1.8	1.8
North Queensland Bulk Ports Corporation Limited	1.7	1.7
Total	**14.4**	**14.6**

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.

Table A.3.5 COVID-19-related measures by entity

Concession	2019-20 Actual $ million	2020-21 Estimate $ million
Queensland Rail Limited	2.4	6.0
Far North Queensland Ports Corporation Limited	2.6	4.2
Port of Townsville Limited	0.4	0.7
Gladstone Ports Corporation Limited	—	0.4
Queensland Bulk Water Supply Authority (Seqwater)	0.2	0.2
Energy Queensland	0.1	0.1
North Queensland Bulk Ports Corporation Limited	0.1	—
Powerlink	0.1	—
Total	**5.9**	**11.6**

COVID-19-related measures (Industry, Commercial and Community)

As part of the Queensland Government's COVID-19 response, the above government owned businesses provide relief measures to support community organisations and businesses adversely affected by COVID-19. Relief measures include temporary reductions to commercial leases, fees and other charges. The amounts shown are estimates of the revenue foregone by not charging commercial rates. To be included in the above table, concessions must meet the minimum materiality threshold of estimated revenue foregone of $50,000. Some government owned businesses provide COVID-19 relief measures below this threshold including Sunwater, CS Energy, Stanwell and CleanCo.

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, rebates or deductions
- the application of reduced tax rates to certain groups or sectors of the community
- 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.

COVID-19 and implications for tax expenditure

The impact of the coronavirus (COVID-19) pandemic on Queensland businesses has been significant and the Queensland Government moved quickly to introduce substantial tax relief measures to support Queensland businesses, particularly small to medium businesses. These initiatives were primarily aimed at supporting the cashflow and viability of Queensland businesses, landlords, tenants, and the state's pubs and clubs.

The key relief measures fell under three categories:

- Direct refunds, holidays, rebates or waivers of tax liabilities – refunds and holidays related to payroll tax; and a 25% discount and waiver of foreign surcharge on land tax.
- Deferrals of tax liabilities – various deferrals of payroll tax, land tax, gaming machine tax and lotteries tax.
- Exemptions – JobKeeper payments were exempted from payroll tax.

The impact of these measures has resulted in a significant increase in foregone revenue. While the impact on tax expenditures in 2019-20 is discussed below, some measures will continue to substantially impact revenue in 2020-21. This additional expenditure will be reflected in the 2021-22 Tax Expenditure Statement.

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 effects on taxpayer behaviour resulting from tax expenditures are 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.

Additionally, while total COVID-19 relief is included in the TES, some relief was treated as a grant expense, for example in relation to rebates of already-paid tax liabilities. In these cases, the associated tax expenditure did not reduce revenues.

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 2018-19 and 2019-20 for payroll tax, land tax, duties, the waste disposal levy 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 summary[1]

	2018-19[2] $ million	2019-20 $ million
Payroll tax		
Exemption threshold	1,381	1,526
Deduction scheme	374	462
Regional discount	n/a	88
COVID-19 relief[3,4]	n/a	227
Section 14 exemptions	811	880
Total payroll tax	**2,592**	**3,183**
Land tax		
Liability thresholds	765	798
Graduated land tax scale	1,234	1,425
Primary production deduction	110	128
Part 6 Divisions 2 and 3 exemptions not included elsewhere[5]	177	195
Land developers' concession	13	18
COVID-19 relief[3,4,6]	n/a	176
Total Land tax	**2,300**	**2,740**
Duties		
Transfer duty on residential property		
Home concession	376	389
First home concession	199	216
First home vacant land	22	22
Insurance duty		
WorkCover	68	72
Health insurance	453	466
Total duties	**1,119**	**1,158**
Queensland waste levy		
Exempt waste – general		127
Approved exemptions	n/a	72
Approved discounts	n/a	13
Total waste levy	**n/a**	**212**
Taxes on gambling		
Gaming machine taxes	115	85
Casino taxes	8	7
Total gambling tax	**123**	**92**
Total	**6,134**	**7,385**

Notes:

1. Numbers may not add due to rounding.
2. 2018-19 estimates may have been revised since the 2019-20 Budget.
3. Several COVID-19 relief measures resulted in support being provided across the 2019-20 and 2020-21 years. Therefore, additional expenditure incurred in 2020-21 will be reflected in the 2021-22 Budget.

4. Significant relief was provided after revenue had already been accrued and therefore the funding provided for these measures were treated as refunds via grant expenses. This expense, along with any interest cost of deferred payments, has not been included in this table.
5. Applicable, but not limited to; religious bodies, public benevolent institutions and other exempt charitable institutions.
6. Includes waiver of the 2019-20 foreign surcharge, some of which may have been eligible for ex-gratia relief.

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 4.75% in 2018-19 and 4.95% in 2019-20.

Payroll tax exemption threshold

Until 30 June 2019, employers who employ in Queensland with an annual Australian payroll of $1.1 million or less are exempt from payroll tax. From 1 July 2019, the exemption threshold was increased to $1.3 million in annual Australian wages. On the basis of May 2020 average weekly adult total earnings, the new threshold corresponded to businesses with payrolls equivalent to employing approximately 15 full-time equivalent employees. This exemption is designed to assist small and medium sized businesses.

Deduction scheme

Until 30 June 2019, 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. From 1 July 2019, the deduction applies to payrolls between $1.3 million and $6.5 million with no deduction for employers or groups that have annual payroll in excess of $6.5 million.

From 1 July 2019, the tax rate which applied to employers with Australian taxable wages up to $6.5 million was 0.2 percentage points lower than the tax rate which applied to employers with Australian taxable wages above $6.5 million.

Regional discount

Employers who are based in regional Queensland and pay over 85% of taxable wages to regional areas may be entitled to a discount on the rate of payroll tax imposed on their taxable wages. The discounted payroll tax rates for regional businesses are 3.75% for employers who pay $6.5 million or less in Australian taxable wages, or 3.95% for employers who pay more than $6.5 million in Australian taxable wages.

Apprentice and trainee rebate

In addition to most apprentice and trainee wages being exempt from payroll tax, a payroll tax rebate is available that reduces total payroll tax liability. The rebate amount is calculated by multiplying 50% of the apprentice and trainee wages by the applicable payroll tax rate for each return period.

COVID-19 relief – payroll tax

In response to the COVID-19 pandemic, a number of payroll tax relief measures were implemented to assist Queensland businesses that resulted in foregone revenue or increased expenditure in 2019-20, including:

- Payroll tax refunds of two months' liabilities for small businesses and large businesses negatively impacted by COVID-19.
- A three-month payroll tax holiday for small businesses.
- A deferral of payroll tax liabilities for all businesses negatively affected by COVID-19.
- Exemption from payroll tax of the subsidised component of the Australian Government's JobKeeper payment.

Significant relief was provided after revenue had already been accrued and therefore the funding provided for these measures were treated as refunds via grant expenses. These amounts, along with any interest cost of deferrals which will be paid at a later time, have not been included in the TES.

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 holdings with a taxable value of less than $10 million for resident individuals and companies, trustees and absentees. In 2019-20, the benchmark rates used for estimating the tax expenditures were 2.25% for individuals, 2.5% for absentees and 2.75% for companies and trustees.

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*.

COVID-19 relief – land tax

In response to the COVID-19 pandemic, a number of relief measures were implemented to assist landowners and tenants that resulted in foregone revenue or increased expenditure in 2019-20, including:

- a 25% rebate on the 2019-20 land tax liability for eligible land owners that provide commensurate rent relief to COVID-19 impacted tenants, or that are unable to secure tenants due to COVID-19.
- The waiver of the 2% foreign land tax surcharge in 2019-20.

Significant relief was provided after revenue had already been accrued and therefore the funding provided for these measures were treated as refunds via grant expenses. These amounts have not been included in the TES.

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.

Queensland waste levy

The Queensland waste levy commenced on 1 July 2019 at $75 per tonne (higher for regulated wastes). The levy is payable on waste disposed to landfill, except waste generated and disposed in the non-levy zone.

General levy exemptions exist for other wastes, such as those from declared disasters and severe local weather events. Levy exemptions of up to 100% are available on application for different wastes, such as waste from charitable recycling organisations and community clean-up events. Levy discounts of 50% are available on application for residue wastes from particular recycling activities. Seventy per cent of proceeds from the waste levy will be used for waste programs, environmental priorities and community purposes.

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%

COVID-19 relief – gambling taxes

In response to the COVID-19 pandemic, gaming machine taxes from March 2020 were deferred. They were originally to be paid in three instalments in February 2021, April 2021 and June 2021, but the 2020-21 Budget has extended all payments until June 2021. Lotteries' taxes from 1 July 2020 to 31 December 2020 were deferred until 30 March 2021. These deferrals have not reduced revenue so they have not been included in the table above.

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, both internal and external to the state, which can impact directly on economic and fiscal forecasts.

The sensitivity of revenue and expense forecasts to movements in underlying assumptions is particularly relevant in the current context of the almost unprecedented uncertainty in global and national economic conditions and key economic parameters in the context of the coronavirus (COVID-19) crisis.

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.

Table C.1 Taxation and royalty revenue[1]

	2018-19 Actual $ million	2019-20 Actual $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
Payroll tax	4,160	4,211	3,896	4,304	4,611	4,923
Transfer duty	3,195	3,041	2,694	2,953	3,157	3,381
Other duties	1,549	1,583	1,613	1,690	1,780	1,876
Gambling taxes and levies	1,333	1,258	1,477	1,495	1,553	1,622
Land tax	1,334	1,406	1,493	1,617	1,643	1,661
Motor vehicle registration	1,850	1,910	1,948	2,022	2,098	2,176
Other taxes	745	1,175	1,208	1,266	1,288	1,329
Total taxation revenue	**14,165**	**14,585**	**14,330**	**15,347**	**16,130**	**16,967**
Royalties						
Coal	4,372	3,517	1,643	2,372	2,761	2,951
Petroleum[2]	454	466	308	467	635	702
Other royalties[3]	393	549	535	506	507	515
Land rents	159	154	146	172	174	176
Total royalties and land rents	**5,378**	**4,686**	**2,631**	**3,517**	**4,077**	**4,345**

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.

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.

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 growth, 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 1¼% and an increase in employment of 1% in 2020-21. The composition of the payroll tax base is also important as businesses in sectors such as tourism, retail and hospitality are often outside the tax base because they are below a threshold. A one percentage point variation in either Queensland wages growth or employment would change payroll tax collections by approximately $39 million in 2020-21.

Transfer duty estimates

Transfer duty collections in 2020-21 are expected to decrease by 11% compared with 2019-20 actuals, largely due to the weak outlook for the non-residential sector generally and for large commercial transactions.

Across the forward estimates period, annual average growth of around 3% is expected in total transfer duty.

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 $27 million in 2020-21.

Royalty assumptions and revenue risks

Table C.2 below provides the 2020-21 Budget assumptions regarding coal royalties, which represent the bulk of Queensland's royalty revenue.

Table C.2 Coal royalty assumptions

	2019-20 Actual	2020-21 Budget	2021-22 Projection	2022-23 Projection	2023-24 Projection
Tonnages – crown export[1] coal (Mt)	206	188	211	220	234
Exchange rate US$ per A$[2]	0.67	0.72	0.72	0.72	0.72
Year average coal prices (US$ per tonne)[3]					
Hard coking	152	109	132	139	140
Semi-soft	111	78	94	101	102
Thermal	88	68	66	69	70
Year average oil price					
Brent ($US per barrel)[4]	65	39	50	57	60

Notes:

1. Excludes coal produced for domestic consumption and coal where royalties are not paid to the government, i.e. private royalties. The 2020-21 estimate for domestic coal volume is approximately 25.5 Mt and private coal is 10.8 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 2020-21 as follows: Hard coking US$102/t and thermal US$63/t.
4. Published Brent oil prices are lagged by one quarter to better align with royalty revenue.

Exchange rate and commodity prices and volumes

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.

Potential impact on coal royalty revenue

For each one cent movement in the A$-US$ exchange rate, the annual impact on royalty revenue would be approximately $37 million.

A 1% variation in export coking and thermal coal volumes would lead to a change in royalty revenue of approximately $16 million. A 1Mt variation would lead to a change in royalty revenue of approximately $8 million.

A 1% variation in the average price of export coal would lead to a change in royalty revenue of approximately $26 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 national 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 2020-21 Budget and forward estimates reflect wage increases consistent with 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 $262 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 $1.721 billion in 2020-21. The current average duration of General Government Sector borrowing with the Queensland Treasury Corporation is 6.7 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 2020-21 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 D1 Key Fiscal Aggregates[1]

	2012-13 Actual $ million	2013-14 Actual $ million	2014-15 Actual $ million	2015-16 Actual $ million	2016-17 Actual $ million	2017-18 Actual $ million	2018-19 Actual $ million	2019-20 Actual $ million	2020-21 Budget $ million	2021-22 Projection $ million	2022-23 Projection $ million	2023-24 Projection $ million
General Government												
Total revenue	41,755	46,705	49,970	50,780	56,194	58,087	59,828	57,764	56,249	60,504	63,394	66,326
Tax revenue	10,937	11,840	12,598	12,547	12,919	13,244	14,165	14,585	14,330	15,347	16,130	16,967
Total expenses	46,313	46,217	49,551	50,112	53,369	56,337	58,843	63,498	64,881	64,806	65,874	67,715
Employee expenses	18,130	17,816	18,592	20,045	21,258	22,681	24,019	25,660	26,470	26,848	27,864	28,962
Net operating balance	(4,558)	488	420	668	2,825	1,750	985	(5,734)	(8,633)	(4,303)	(2,480)	(1,389)
Capital purchases	7,001	6,323	4,635	4,044	4,620	5,126	5,764	6,291	7,572	8,136	8,078	7,762
Net capital purchases	3,387	3,085	996	1,163	2,265	2,337	3,192	3,424	4,808	4,782	4,166	2,982
Fiscal balance	(7,944)	(2,597)	(576)	(495)	560	(587)	(2,207)	(9,158)	(13,440)	(9,085)	(6,647)	(4,370)
Borrowing with QTC	36,508	39,864	41,343	34,200	31,358	29,256	29,468	37,570	53,501	64,525	73,924	80,653
Leases and similar arrangements[3]	1,370	1,503	1,761	1,286	1,882	2,142	2,612	6,499	7,565	7,408	7,484	7,768
Securities and Derivatives	1	1	(0)	(0)	(0)	122	121	198	198	198	198	198
Net debt	2,466	5,208	5,749	654	(355)	(509)	(198)	14,046	25,499	35,511	44,228	50,782
Non-financial Public Sector												
Total revenue	49,181	53,502	56,178	57,393	64,855	66,164	68,329	66,156	64,271	68,833	72,064	75,417
Capital purchases	10,774	9,313	7,811	6,852	7,291	7,643	8,460	9,467	11,032	11,811	11,527	11,004
Borrowing with QTC	67,116	70,668	73,256	71,160	69,107	66,964	67,576	76,464	93,467	104,626	114,217	121,039
Leases and similar arrangements[3]	1,559	1,752	1,802	1,316	1,882	2,142	2,612	6,991	8,033	7,843	7,884	8,135
Securities and Derivatives	411	216	175	446	895	405	720	1,505	720	618	567	549

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.
3. Approximately $2.2 billion increase in General Government and $2.6 billion in NFPS in 2019-20 on adoption of the new lease accounting standard AASB 16

Table D2 Key Fiscal Indicators[1]

	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 Actual[2] %	2019-20 Actual %	2020-21 Budget %	2021-22 Projection %	2022-23 Projection %	2023-24 Projection %
General Government												
Revenue/GSP	14.7	16.0	16.9	16.7	17.0	16.5	16.2	15.8	15.9	16.1	16.2	16.1
Tax/GSP	3.9	4.1	4.2	4.1	3.9	3.8	3.8	4.0	4.1	4.1	4.1	4.1
Own source revenue/GSP	8.3	8.6	8.9	8.9	8.7	8.6	8.5	8.3	7.7	7.9	8.0	8.0
Expenses/GSP	16.3	15.9	16.7	16.5	16.1	16.0	15.9	17.4	18.4	17.3	16.8	16.5
Employee expenses/GSP	6.4	6.1	6.3	6.6	6.4	6.5	6.5	7.0	7.5	7.1	7.1	7.0
Net operating balance/GSP	(1.6)	0.2	0.1	0.2	0.9	0.5	0.3	(1.6)	(2.4)	(1.1)	(0.6)	(0.3)
Capital purchases/GSP	2.5	2.2	1.6	1.3	1.4	1.5	1.6	1.7	2.1	2.2	2.1	1.9
Net cash inflows from operating activities/Net cash flows from investments in non-financial assets	(40.7)	45.9	97.5	122.9	134.2	107.0	105.5	(3.0)	(90.0)	(6.0)	5.7	26.0
Fiscal balance/GSP	(2.8)	(0.9)	(0.2)	(0.2)	0.2	(0.2)	(0.6)	(2.5)	(3.8)	(2.4)	(1.7)	(1.1)
Total borrowings/GSP	13.4	14.2	14.5	11.7	10.0	9.0	8.7	12.1	17.3	19.2	20.8	21.5
Total Borrowings/Revenue	90.7	88.6	86.3	69.9	59.2	54.3	53.8	76.6	108.9	119.2	128.7	133.6
Lease and other liabilities/revenue	3.3	3.2	3.5	2.5	3.3	3.7	4.4	11.3	13.4	12.2	11.8	11.7
Revenue growth	(8.8)	11.9	7.0	1.6	10.7	3.4	3.0	(3.5)	(2.6)	7.6	4.8	4.6
Tax growth	3.1	8.3	6.4	(0.4)	3.0	2.5	7.0	3.0	(1.7)	7.1	5.1	5.2
Expenses growth	0.6	(0.2)	7.2	1.1	6.5	5.6	4.4	7.9	2.2	(0.1)	1.6	2.8
Employee expenses growth	(0.7)	(1.7)	4.4	7.8	6.1	6.7	5.9	6.8	3.2	1.4	3.8	3.9
Non-Financial Public Sector												
Capital purchases/GSP	3.8	3.2	2.6	2.3	2.2	2.2	2.3	2.6	3.1	3.1	2.9	2.7
Total borrowings/GSP	24.4	24.9	25.4	24.0	21.7	19.8	19.2	23.3	28.9	30.1	31.3	31.5
Total Borrowings/Revenue	140.5	135.8	133.9	127.1	110.8	105.1	103.8	128.4	159.0	164.3	170.2	172.0
Net financial liabilities[3]/revenue	133.4	129.8	125.2	127.4	111.2	111.5	114.9	146.5	175.5	178.2	179.7	175.5

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.

Queensland Budget 2020–21 **Budget Strategy and Outlook Budget Paper No.2**

Queensland Budget 2020–21
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QUEENSLAND BUDGET 2020-21 **Unite & Recover**

CAPITAL STATEMENT
BUDGET PAPER NO. 3
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Queensland Government

2020–21 Queensland Budget Papers

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2. Budget Strategy and Outlook

3. Capital Statement

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State Budget
2020-21

Capital Statement

Budget Paper No. 3

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1 Approach and highlights

Features

- The Queensland Government’s ongoing commitment to delivering and facilitating productivity-enhancing and catalytic infrastructure will continue to support economic recovery, resilience and future prosperity, as well as more broadly drive sustainable economic growth, increased employment opportunities and higher living standards.
- The substantial capital program outlined in this Budget supports the Palaszczuk Government’s infrastructure commitment to invest $56.031 billion over four years throughout Queensland. This investment is critical to enhance business productivity, connectivity and overall long-term competitiveness, while ensuring that essential services, such as health care and education, are accessible to all Queensland communities and regions.
- In 2020-21, the government will invest $14.835 billion on capital across the state. The capital program is important in directly supporting construction-related jobs in the short to medium term, with the capital program in 2020-21 estimated to support around 46,000 jobs, including 28,700 jobs outside of Greater Brisbane.
- In 2020-21, the government will deliver a $6.267 billion investment in transformative transport infrastructure. Highlights of the 2020-21 transport capital program include $1.514 billion to continue construction work on Cross River Rail and substantial ongoing investment to fund major upgrades to the M1 Pacific Motorway and the Bruce Highway.
- Capital expenditure to support the delivery of health services is $1.625 billion in 2020-21. The government is providing $265 million to build seven satellite hospitals to enable our acute hospitals to continue safely managing patients via alternative models of care across South East Queensland. The satellite hospitals will also provide virtual health opportunities including a range of rapid access consults, care co-ordination, remote monitoring and patient literacy services.
- The government is also investing $979 million for the *Building Better Hospitals* commitment. This program is a key priority for Queensland Health, which will help address growing demand by enhancing public hospital capacity and services in the South East Queensland growth corridor.
- The government will invest $1.917 billion in 2020-21 on assets to support students and teachers, and to ensure that Queensland’s state schools and training assets are world-class and continue to meet demand. Investment in new schools is being facilitated through the $1.687 billion *Building Future Schools Fund*, while the $1 billion *Great Schools, Great Future* commitment is helping provide new classrooms and facilities at existing schools to meet growing enrolments.

- To help enhance the productive capacity of Queensland's businesses, industries, communities and regions for the future, the government will invest $2.745 billion in 2020-21 to maintain and upgrade energy and water assets to support the ongoing delivery of safe, secure, reliable and cost-effective energy and water across the state.
- Delivery of the Rookwood Weir will be co-funded with the Australian Government and will add up to 76,000 megalitres of extra water supply for the Central Queensland region. The project will grow agricultural production along the Fitzroy River and enhance the security of urban and industrial water supplies for Gladstone and Capricorn Coast centres.
- Importantly, the Budget also includes $590.4 million investment in key infrastructure supporting the State's delivery of enhanced justice and public safety services, including $178 million over three years from 2019-20 on additional youth justice infrastructure.
- In line with the government's commitment to ensure all Queenslanders share in the State's prosperity and enjoy an improved quality of life, ongoing investment in social housing in 2020-21 includes $526.2 million of capital purchases and grants to construct new dwellings, upgrade existing properties, and provide housing services, including in Indigenous communities.
- A key element of the government's capital program is providing grants to local governments and non-government organisations to support their work within communities across Queensland. In total, the government will provide $2.218 billion in capital grants in 2020-21, including $180 million to all local governments through the government's $200 million *COVID Works for Queensland* program to support jobs and provide economic stimulus to local economies.

1.1 Introduction

In line with the Queensland Government's *Economic Recovery Plan*, the 2020-21 Capital Statement outlines the investment in critical infrastructure across Queensland that will help drive ongoing economic recovery and support increased private sector productivity and competitiveness over the longer-term.

The Capital Statement presents an overview of the Queensland Government's proposed capital outlays for 2020-21 and provides visibility of the State's infrastructure delivery program. In this Budget, the Capital Statement is presented by infrastructure asset class for consistency with recent capital program updates.

Continued infrastructure investment connects individuals and households to meaningful employment opportunities and enables all Queenslanders to access essential services and enjoy increased standards of living.

The government's current capital program is facilitating an increase in the broader longer-term productive capacity of the Queensland economy, which will lead to more high-value ongoing private sector jobs across both industries and regions.

The ongoing provision of essential and strategic infrastructure, including supporting greater access to reliable and affordable services aligned with improvements in technology, will also boost the State's overall competitiveness and enhance its ability to attract new investment, businesses and highly-skilled workers.

The Queensland Government's significant infrastructure investment will also directly support substantial jobs across the state during the construction phase, with the $14.835 billion capital program in 2020-21 estimated to support 46,000 jobs, with 28,700 of these jobs located outside of Greater Brisbane.

Importantly, maintaining a strong capital program will ensure Queensland's economic recovery continues to gather momentum, while simultaneously positioning the economy to capitalise on key opportunities to facilitate longer-term growth outcomes and support a higher quality of life for all Queenslanders.

1.2 Capital planning and prioritisation

The Queensland Government has established an infrastructure planning framework to underpin and inform the prioritisation of the State's capital works, to ensure the delivery of a capital program that ideally reflects the most appropriate, cost-effective approach to address the service needs and infrastructure challenges facing Queensland.

Key elements of the infrastructure planning and prioritisation framework include the State Infrastructure Plan, the Project Assessment Framework for evaluating investment proposals and the Queensland Transport and Roads Investment Program which forms a significant proportion of the capital program.

State Infrastructure Plan (SIP)

The SIP provides the government's vision for infrastructure investment and delivery. The SIP is designed to ensure the State is investing in the right infrastructure, in the right place and at the right time. It provides confidence and certainty to industry, local government and the community by confirming the government's investment program over the next four years.

Implementation of the SIP is led by the Department of State Development, Infrastructure, Local Government and Planning.

Further details on the SIP are available at https://www.dsdmip.qld.gov.au/infrastructure/state-infrastructure-plan.html.

Project Assessment Framework (PAF)

The PAF is used across government to ensure a common and rigorous approach to assessing projects at critical stages in their development lifecycle, from the initial assessment of the service required, through to delivery and benefits realisation. At each stage of a project, the project's progress and quality is assessed to ensure that the project (and associated investment) meets strategic objectives and achieves value for money. Once a project 'clears' a particular stage, it can progress to the next.

Led and maintained by Queensland Treasury, the PAF is applied by government departments and Building Queensland (BQ) in the evaluation of infrastructure projects, public private partnerships and other proposals for the acquisition of services.

Further details on the PAF are available at https://www.treasury.qld.gov.au/.

Queensland Transport and Roads Investment Program (QTRIP)

QTRIP is the Department of Transport and Main Roads' annually published program of current and planned investments in road and transport infrastructure (including roads, railways, active transport, marine infrastructure and public transport) over the next four years.

The program of works detailed in QTRIP represents a $26.9 billion[1] investment over the four years from 2020-21, supporting an estimated average of approximately 23,600 direct jobs over the life of the program.

[1] Total QTRIP investment is inclusive of both non-capital and capital components.

The strategic intent of QTRIP is shaped by the SIP and the Transport Coordination Plan 2017-2027. It is developed in accordance with funding allocations identified by the Queensland and Australian Governments.

Further details on QTRIP are available at
https://www.tmr.qld.gov.au/About-us/Corporate- information/Publications/Queensland-Transport-and-Roads-Investment-Program.

1.3 Key capital projects and programs

Cross River Rail

Cross River Rail will increase network capacity, allowing more trains to run more often, and will integrate with new roads and bus services, to enable a turn-up-and-go public transport network for the whole of South East Queensland.

It will deliver 10.2 kilometres of new rail line from Dutton Park to Bowen Hills, including 5.9 kilometres of twin tunnels under the Brisbane River and CBD, and four new high-capacity, underground stations at Boggo Road, Woolloongabba, Albert Street and Roma Street.

The project will also introduce a new world-class signalling system, deliver three new Gold Coast stations at Pimpama, Helensvale North and Merrimac, and significant upgrades to eight above-ground stations at Salisbury, Rocklea, Moorooka, Yeerongpilly, Yeronga, Fairfield, Dutton Park and Exhibition.

Major construction of Cross River Rail commenced in 2019 and is being delivered across three major works packages, with work now underway at multiple worksites.

Cross River Rail will support up to 7,700 full-time equivalent jobs and 450 new apprenticeship and traineeship opportunities during construction.

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 $3.401 billion M1 program of works, jointly funded by the Queensland and Australian Governments, is delivering major projects, such as the Varsity Lakes to Tugun upgrade, Eight Mile Plains to Daisy Hill upgrade, and the Yatala South (Exit 41) and Pimpama (Exit 49) interchange upgrades.

The 10 kilometre section of the M1 Pacific Motorway between Varsity Lakes and Tugun carries approximately 85,000 vehicles per day, including around 7,500 heavy vehicles. The construction works commenced in May 2020 and are expected to be complete by the end of 2023. The indicative total estimated cost for the project is $1 billion.

The section of the M1 Pacific Motorway between Eight Mile Plains and Daisy Hill carries in the order of 150,000 vehicles per day, including approximately 12,000 heavy vehicles. The widening from six to eight lanes project commenced construction in March 2020 and is due for completion in 2024. The total estimated cost of this project is $750 million.

The Queensland and Australian Governments have also committed $1 billion to upgrades between Daisy Hill to Logan Motorway.

The M1 program of works is complimented by the jointly funded $1.531 billion Coomera Connector (Stage 1) project between Nerang and Coomera, to provide for a “second M1”.

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.

The 2020-21 capital program includes investment on several key projects on the Bruce Highway, supporting jobs across the regions, including:

- $1.065 billion for the Rockhampton Ring Road
- $1 billion to construct Cooroy to Curra Section D
- $932.2 million to widen the highway from four to six lanes between Caloundra Road and Sunshine Motorway
- $662.5 million to upgrade the highway from four to six lanes between Caboolture - Bribie Island Road and Steve Irwin Way
- $514.3 million to construct bridges and approaches on the Haughton River Floodplain, south of Giru between Horseshoe Lagoon and Palm Creek
- $481 million to duplicate the highway from two to four lanes as part of the Cairns Southern Access Corridor Stage 3, from Collinson Creek in Edmonton as far as the vicinity of Wrights Creek near Gordonvale
- $301.3 million to upgrade the Bruce Highway – Maroochydore Road Interchange
- $230 million for the Townsville Ring Road (Stage 5) to duplicate from two to four lanes on the section of the Townsville Ring Road (Bruce Highway) between Vickers Bridge over Ross River and Shaw Road interchange
- $163.3 million to upgrade the Bruce Highway – Deception Bay Road interchange
- $158 million to duplicate the highway from two to four lanes, as part of Rockhampton Northern Access (Stage 1), between Rockhampton – Yeppoon Road and Parkhurst
- $123.7 million to widen the highway from four to six lanes as part of the Cairns Southern Access Corridor Stage 4, from Kate Street to Aumuller Street near the Port of Cairns and wharf precinct.

In addition, the Queensland Government has committed an additional $100 million in state funding towards a $500 million funding injection for the Bruce Highway (subject to negotiation with the Australian Government), noting the Queensland Government's priority for upgrades between Mackay and Proserpine, and between Gladstone and Rockhampton.

Youth justice reforms and additional youth justice infrastructure

The Government is committed to promoting community safety by preventing offending and reoffending, and keeping young people out of courts and custody, supported by the development and upkeep of appropriate infrastructure facilities.

This includes increasing capacity in youth detention facilities by an additional 48 beds, with $178 million over three years (commencing from 2019-20).

The additional 16 beds in the Brisbane Youth Detention Centre (BYDC) located at Wacol was opened in May 2020. The finalisation of capital works to existing facilities and amenities including educational classrooms, kitchen and laundry facilities will be completed this year.

In addition, a new 32 bed youth detention centre (known as West Moreton Youth Detention Centre) is being constructed adjacent to BYDC at Wacol.

Port of Townsville Channel Capacity Upgrade

The Townsville Channel Capacity Upgrade (TCCU), which commenced in 2019-20, has reached a major construction milestone with the joining of the east bund and west bund of the 2.2 kilometres of protective rock wall where dredge material from the widening will be placed. This will eventually create the boundary of a new reclamation area, providing an additional 62 hectares of land for port operations. The TCCU, the largest infrastructure project in the Port's history, will widen the shipping channel to allow access for larger vessels and facilitate future trade growth in the region.

The TCCU Project is a joint project of the Queensland and Australian Governments and the Port of Townsville Limited (POTL), and forms part of the Townsville City Deal signed in December 2016. The business case estimated the total project cost of the TCCU Project at $193.5 million with the Queensland and Australian Governments each committing $75 million and POTL funding the remaining $43.5 million.

Given changes in the delivery methodology for major works packages, and the impact of COVID-19 on project delivery, the estimated final cost for the TCCU Project has increased from $193.5 million to $232 million. The TCCU Project will support the local economy and jobs, creating 120 jobs in Townsville during construction and supporting 245 jobs in Queensland after construction, as estimated in the detailed business case.

Smithfield Bypass

The $164 million Smithfield Bypass project is a 3.8 kilometre alternative route to the Captain Cook Highway. The new bypass road will relieve congestion on the section of the Captain Cook Highway between McGregor Road and the intersection of Captain Cook Highway and the Cairns Western Arterial Road. Early works commenced in late 2018 with construction expected to be completed in late 2021, weather permitting.

Building Better Hospitals

The Government's *Building Better Hospitals* commitment is a key priority for Queensland Health which will help address growing demand by enhancing public hospital capacity and services in the South East Queensland growth corridor. The program includes projects at three major South East Queensland hospitals with a combined value of $979 million:

- redevelopment of the Caboolture Hospital to increase its capacity by 130 beds
- expansion of the Logan Hospital to deliver an additional 206 beds as well as expansion and refurbishment of the Logan maternity ward
- staged redevelopment of the Ipswich Hospital including new mental health facilities for adults and older persons, a Magnetic Resonance Imaging suite (delivered) to grow clinical capacity, and the delivery of a 26-bed interim demand management strategy.

Satellite Hospitals: Better Care, Closer to Home

The Government is providing $265 million in funding to build seven satellite hospitals to enable our acute hospitals to continue safely managing patients via alternative models of care across

South East Queensland. The satellite hospitals will also provide virtual health opportunities including a range of rapid access consults, care co-ordination, remote monitoring and patient literacy services. The final location and health services provided will be determined by the local Health and Hospital Service in consultation with the community. Planning for delivery of these hospitals will begin immediately. The program includes:

- Bribie Island Satellite Hospital
- Caboolture Satellite Hospital
- Cleveland Satellite Hospital
- Hills District Satellite Hospital
- Ipswich City Satellite Hospital
- QEII Satellite Hospital
- Southern Gold Coast Satellite Hospital.

Great Schools, Great Future

The Government's $1 billion *Great Schools, Great Future* infrastructure commitment will provide Queensland schools with new classrooms and facilities to accommodate growing enrolments, new or upgraded school halls and performing arts centres, and renewal and refurbishment of existing school infrastructure, including fencing upgrades, playgrounds and covered outdoor sports areas.

Investment in new schools is being facilitated through the $1.687 billion *Building Future Schools Fund*, which includes $346.2 million for new primary schools in North Maclean and Caloundra South and a new special school in Coomera to open in 2022 and a new primary school in inner west Brisbane to open in 2023. The funding also includes the final stage of the Lee Street Special School that opened in 2020 and the acquisition of land for future new schools. This is in addition to the eight new schools that opened in 2020 and the five new schools that will open in 2021.

Rookwood Weir – capital expenditure

The Rookwood Weir will add up to 76,000 megalitres of extra water supply for the Central Queensland region. The project will provide for significant agricultural growth along the Fitzroy River near Rockhampton, and enhance the security of urban and industrial water supplies for Gladstone and Capricorn Coast centres such as Yeppoon.

Significant steps have been taken throughout the year toward the construction of Rookwood Weir. The construction contract was awarded in August 2020 and site mobilisation is now underway with a focus on preparatory works at the weir site and establishing the camp for workers. In-river works are expected to commence in April 2021 with weir construction reaching completion mid-2023, weather permitting. In parallel, road upgrades to Thirsty Creek Road and the Capricorn Highway at the Gogango Intersection were completed this year and works to replace Riverslea Bridge have started and are due for completion mid-2021.

The project has generated some 100 jobs to date, and the weir is expected to create about 200 jobs during construction, of which 140 are expected to be sourced locally.

The Australian Government is co-funding the $352.2 million Rookwood Weir project ($332 million capital cost) under the National Water Infrastructure Development Fund. In October 2020 the Australian Government's commitment to contribute $176.1 million was formalised, which matches the Queensland Government's own funding commitment toward this critical piece of water infrastructure for Central Queensland.

New Performing Arts Venue at the Queensland Performing Arts Centre (QPAC)

The Queensland Government has committed to deliver a new $175 million state-of-the-art theatre for Brisbane, investing $150 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 seat theatre at the Playhouse Green site, to be operated by the QPAC, which will contribute $25 million to the new venue.

QPAC, which schedules over 1,300 performances annually, with a record 1.5 million people attending in 2017-18, was nearing full capacity, prior to COVID-19. Post COVID-19, the unique opportunity exists to invest in QPAC's growth to create Australia's largest performing arts centre, with five outstanding theatres that will bolster Queensland's cultural vibrancy, support the local arts sector and drive cultural tourism, with the potential to welcome an additional 300,000 visitors each year.

The new theatre is targeted for completion at the end of 2022.

CleanCo's Karara Wind Farm

Queensland's publicly-owned clean energy generator, CleanCo, will build, own, and operate the $250 million 102.6MW Karara Wind Farm in the Darling Downs. Karara will be part of the larger 1,026MW (or 1-gigawatt) MacIntyre Wind Farm Precinct being developed by Acciona Australia, with a project value of around $2 billion. In addition to CleanCo's direct build, own, and operate investment in the Karara Wind Farm, CleanCo is supporting the larger Precinct by agreeing to purchase a further 400 megawatts of renewable energy from Acciona.

Together with CleanCo's involvement, the Precinct development will achieve a local spend in the Darling Downs of more than $500 million during construction, supporting 400 jobs and local businesses. The development will be progressively connected to the grid from 2022, with 64 kilometres of new powerlines connecting the wind farm to the Queensland electricity network at Millmerran. Queensland's government-owned transmission business, Powerlink, has already commenced working on the connection of the project to the grid, supporting a further 240 jobs.

CleanCo's announcement in March 2020 is an historic achievement for Queensland and demonstrates the Government's ongoing commitment to renewable generation in Queensland.

Rollingstock Expansion Project

To provide for expected increases in rail patronage over the next 10 years, the existing passenger fleet must expand to deliver extra timetabled services. The Department of Transport and Main Roads has commenced a Rollingstock Expansion project with a $600 million commitment to procure 20 new six-car passenger trains, which will be manufactured in the Maryborough region to support local jobs and regional supply chains including in Rockhampton.

New Public Transport Ticketing System

The Queensland Government has committed $371.1 million for a new public transport ticketing system that will be delivered across public transport over a four year period. 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.

Southern Queensland Correctional Precinct - Stage 2

$110.2 million of the $654 million for the expansion of Southern Queensland Correctional Precinct is budgeted for 2020-21, with construction commencing in early 2021. A number of major benefits will be achieved through the construction of a new 1,000 bed correctional centre, including the delivery of over 400 jobs in the region and during peak periods of construction it will support up to 900 jobs.

This new facility, with a therapeutic health-centred operating model, will help address substance addiction and mental health issues. Further, it will enable Queensland Corrective Services and Queensland Health to provide rehabilitation and treatment in a world-class correctional facility.

The new facility will ease overcrowding across Queensland's correctional services system and deliver a safer environment for staff and the prison population.

Building our Regions

Building our Regions supports local government infrastructure projects in regional Queensland communities that create flow-on economic development opportunities and jobs. These projects span Queensland from Torres Strait Island in the far north to Goondiwindi near the southern border, and from Boulia in the north west to Fraser Coast in the east. This includes a wide range of infrastructure project types including delivering enduring economic benefits and improved liveability in regional communities.

The funds are administered by the Department of State Development, Local Government, Infrastructure and Planning through the *Building our Regions* program, with approvals to date of $348.3 million in funding towards 264 infrastructure projects and seven planning projects across 67 local governments in regional Queensland, supporting approximately 2,767 construction jobs.

This has leveraged further financial co-contributions of almost $538.3 million from local governments, the Australian Government and others, to create a total value of capital expenditure of $886.6 million.

Works for Queensland

The *Works for Queensland* program is a $600 million funding program to support local governments outside South East Queensland by funding job-creating maintenance and minor infrastructure projects relating to assets owned or controlled by local governments. This Budget allocates an additional $200 million for a fourth round of funding for *Works for Queensland*. This brings the total program funding to $800 million.

In 2020-21, $34 million will be delivered towards *Works for Queensland* projects. As at 30 September 2020, councils have estimated more than 21,000 jobs being supported for the first three rounds of the program.

In response to COVID-19, the Queensland Government announced the 2020-21 *COVID Works for Queensland* funding program. The program provides an additional $200 million to all local governments to support jobs and provide economic stimulus to local economies.

In 2020-21, $180 million will be delivered towards *COVID Works for Queensland* projects. As at 30 September 2020, councils have estimated that the program will support more than 4,600 jobs.

Cairns Convention Centre

The Queensland Government is investing $176 million ($171.8 million capital cost) in the refurbishment and expansion of the Cairns Convention Centre. This investment, confirmed through the preparation of a detailed business case, ensures the existing centre remains a world-class venue that is ideal for business and community events of up to 5,000 delegates.

The 10,000 square metre expansion includes a large undercover, tropically planted forecourt, expanded main entry lobby, new event spaces enabling the centre to host multiple events at the same time, and a multi-function space with external decks and spectacular views over Trinity Inlet.

The expanded centre will form a key infrastructure asset assisting with the post-COVID-19 recovery of the tourism industry in Cairns and far-north Queensland. The refurbished centre will reopen for business in February 2021, with the expansion targeted for completion in the first half of 2022.

Disaster Resilience Program

As the most disaster impacted state in Australia, it is imperative to help local Queensland communities better prepare for future natural disasters. Increasing the resilience of infrastructure and investing in innovative programs to lessen the impacts of natural disasters means that communities can recover more quickly after a natural disaster strikes.

The *Queensland Resilience and Risk Reduction Fund* will allocate $65.5 million over five years to improve safety and disaster resilience across the state, with $10.5 million delivered in 2020-21. The fund will be administered by the Queensland Reconstruction Authority.

The *Queensland Resilience and Risk Reduction Fund* replaces the former Queensland *Disaster Resilience Fund* and is funded with joint Commonwealth-State funding of $48 million under the National Partnership Agreement on Disaster Risk Reduction supplemented by additional state funding of $17.5 million.

The Queensland Reconstruction Authority will also continue to administer a suite of targeted measures aimed at promoting disaster recovery and resilience from recent significant disaster events, including the $100 million Betterment Fund to improve the resilience of infrastructure damaged by the Monsoon flooding event of early 2019 under the joint State Commonwealth Disaster Recovery Funding Arrangements. The programs will be delivered over three years to 2021-22.

Haughton Pipeline – Stage 2

The Queensland Government will contribute $195 million to the Townville City Council toward Stage 2 of the Haughton Pipeline which will connect to earlier stages of the project and ultimately improve water security for the region.

This project will also provide much needed economic stimulus by supporting hundreds of full-time equivalent jobs for the region.

Cairns Marine Precinct investment

The government has committed $30 million to upgrade infrastructure at the Ports North-owned Cairns Marine Precinct and fund a business case for the future development of the precinct. Construction of two new wharves and additional early works to upgrade services are expected to expand Cairns' capacity to carry out in-water maintenance on vessels used by the Australian Defence Force and Border Force.

Funding for a business case will identify how Cairns can capitalise on future opportunities to grow further as a regional centre for large vessel repair work. The precinct may require total capital infrastructure expenditure of up to $150 million and future contributions from the Australian Government will be sought.

Investment in the precinct will take advantage of emerging marine and defence industry opportunities and will help maintain the Port of Cairns as the leading maritime maintenance, repair and overhaul facility in northern Australia.

Dam Improvement Program

Both Sunwater and Seqwater are delivering Dam Improvement Programs (DIP) to ensure their dams continue to operate safely during extreme weather events.

Sunwater and Seqwater have budgeted over $150 million for DIP projects in 2020–21, including for construction activities and earlier project planning work. These projects will ensure Queensland dams meet the latest safety standards as well as deliver significant investment into the Queensland economy and support jobs.

DIP projects scheduled for construction activities in 2020–21 include the Ewen Maddock Dam Upgrade Stage 2A and Paradise Dam Essential Works.

Sunwater and Seqwater will continue to progress detailed business cases in 2020–21 investigating future upgrade options for Somerset Dam, Paradise Dam and Burdekin Falls Dam. The Burdekin Falls Dam business case will also investigate the feasibility and demand for raising the dam to support economic growth in the region.

Stadiums and sport facilities

The government has committed to funding three new stadiums across the state. Harrup Park in Mackay will become a hub for marquee cricket and AFL events with $10 million earmarked for Stage One of the development which will support around 80 jobs during construction. Browne Park in Rockhampton is the home of rugby league in Central Queensland and will be expanded to accommodate approximately 4,000 seats and support 60 local jobs, with the Queensland Government providing $25 million in funding. In South East Queensland, the Ballymore Precinct will undergo a major redevelopment with a $15 million State contribution, transforming it into a home for the National Rugby Training Centre, women's rugby, the Pacific Pathways Program, Queensland Reds and Queensland Rugby Union and a mid-tier venue for other local sporting teams.

2 2020-21 Capital program overview

2.1 Introduction

In this Budget, the Queensland Government has allocated a total of $14.835 billion in 2020-21 to provide productivity-enhancing economic infrastructure, essential social infrastructure and a broad range of capital works projects and programs across the state.

This investment will help create jobs, support Queensland businesses and grow the economy, including in Queensland's vital regional areas.

The 2020-21 capital program, which is estimated to directly support around 46,000 jobs across the state, represents an 14.6% increase compared with the $12.941 billion allocated for the 2019-20 capital program in last year's Budget.

The 2020-21 capital program comprises $12.617 billion of purchases of non-financial assets (PNFA) and acquisitions of non-financial assets under finance leases and $2.218 billion of capital grants expenses.

Importantly, the 2020-21 capital program also demonstrates the government's commitment to rebuilding and growing the state's regions, with $8.628 billion, or around 58%, of the capital program to be spent outside of Greater Brisbane (Brisbane and Redlands, Logan and Ipswich), supporting an estimated 28,700 jobs across those regions.

The government's capital program includes a range of critical infrastructure projects in the port, rail, water and energy sectors being delivered through the State's Public Non-financial Corporations (PNFC) Sector (that is, commercial entities of government, including government-owned corporations). Capital purchases by the PNFC sector in 2020-21 total $3.460 billion and comprise 23.3% of the total capital program.

Capital outlays by infrastructure class are detailed in Chapter 3 and include projects funded by the General Government and PNFC sectors and Australian Government contributions.

2.2 Capital purchases

The Queensland Government is continuing to provide the essential economic and social infrastructure needed to support economic recovery, deliver essential services and ensure ongoing improvements in the quality of life enjoyed by Queensland's growing population.

The 2020-21 capital program is comprised of $12.617 billion of PNFA and acquisitions of non-financial assets under finance leases.

Capital purchases in 2020-21, categorised according to infrastructure class, are outlined in Chart 1. Transport continues to account for the largest share of purchases, followed by energy, education and training and health.

Chart 1 Capital purchases by infrastructure class 2020-21

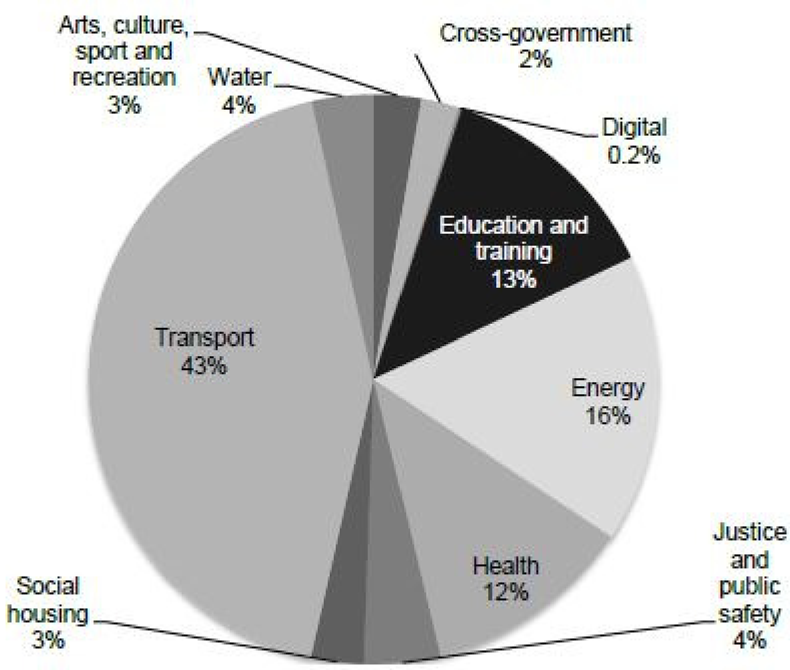


Table 1 outlines the capital purchases by infrastructure class for 2020-21. The transport infrastructure class has the largest proportion of total capital purchases.

Table 1 Capital purchases by infrastructure class[1, 2]

Infrastructure Class	2020-21 Budget $'000
Arts, culture, sport and recreation	292,871
Cross-government	370,513
Digital	25,113
Education and training	1,780,367
Energy	2,234,817
Health	1,624,945
Justice and public safety	589,545
Social housing	411,387
Transport	5,894,322
Water	473,987
Other adjustments[3]	218,642
Anticipated contingency reserve[4]	(1,300,000)
Total Capital Purchases	**12,616,508**
Consisting of:	
Purchases of non-financial assets per Non-financial Public Sector Cash Flow Statement (BP2 Table 9.9)	11,031,456
New finance leases	1,585,052
Total Capital Purchases	**12,616,508**

Notes

1. Entities included in the capital purchases are listed in Appendix A.
2. Numbers may not add due to rounding.
3. Representing inter-agency eliminations, movements in capital payable and receivable, funds held centrally and other accounting adjustments to align with Uniform Presentation Framework Statements.
4. Contingency recognises that on a whole-of-government basis, there is likely to be under spending, resulting in a carryover of capital allocations.

Table 2 shows capital purchases by Regional Action Plan (RAP) region and statistical area. The Government's commitment to support growth in Queensland's vital regional areas is highlighted by the fact that $6.934 billion (around 55%) of capital purchases in 2020-21 will be spent outside of Greater Brisbane (Brisbane and Redlands, Logan and Ipswich).

Table 2 Capital purchases by RAP region and statistical area for 2020-21[1,2]

Regional Action Plan Region	Capital Purchases $'000		Statistical Area	Capital Purchases $'000
Brisbane and Redlands	4,417,561	301	Brisbane East	214,651
		302	Brisbane North	255,973
		303	Brisbane South	593,955
		304	Brisbane West	222,973
		305	Inner Brisbane	3,130,009
Ipswich	704,582	310	Ipswich	704,582
Wide Bay	819,807	319	Wide Bay	819,807
Darling Downs	571,677	307	Darling Downs Maranoa	311,883
		317	Toowoomba	259,794
Gold Coast	962,595	309	Gold Coast	962,595
Logan	560,370	311	Logan Beaudesert	560,370
Mackay-Whitsunday	418,553	312	Mackay	418,553
Outback Queensland[3]	268,733	315	Outback	434,685
Far North Queensland[3]	915,911	306	Cairns	749,958
Central Queensland	1,002,422	308	Central Queensland	1,002,422
Sunshine Coast and Moreton Bay	1,408,487	316	Sunshine Coast	744,861
		313	Moreton Bay North	427,399
		314	Moreton Bay South	236,227
Townsville	565,811	318	Townsville	565,811
Total Capital Purchases	**12,616,508**			**12,616,508**

Notes:

1. Numbers may not add due to rounding.
2. The Anticipated Contingency Reserve and other adjustments referred to in Table 1 have been spread across statistical areas proportionate to capital spends.
3. $158.7 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.

Total capital grants are expected to be $2.218 billion in 2020-21, with Chart 2 below outlining the capital grants by infrastructure class.

Chart 2 Capital grants by infrastructure class

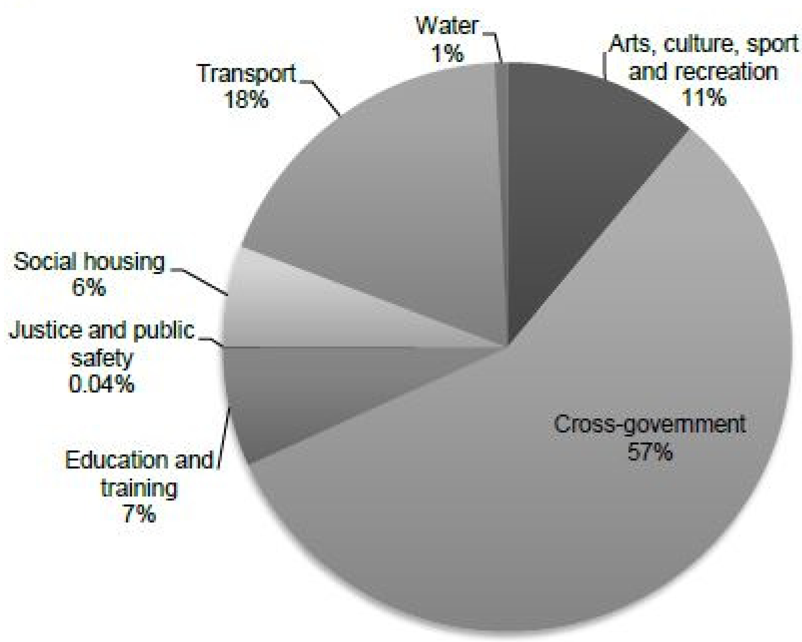


Table 3 shows the planned expenditure on capital grants by infrastructure class for 2020-21. The Cross-government infrastructure class has the highest level of expenditure on capital grants.

Table 3 Expenditure on capital grants by infrastructure class[1, 2]

Infrastructure Class	2020-21 Budget $'000
Arts, culture, sport and recreation	223,210
Cross-government	1,120,708
Education and training	136,652
Justice and public safety	897
Social housing	114,771
Transport	372,482
Water	36,197
Other adjustments[3]	213,419
Total Capital Grants	**2,218,336**

Notes:

1. Entities included in the capital grants are listed in Appendix A.
2. Numbers may not add due to rounding.
3. Includes assets transferred, funds held centrally and other technical accounting adjustments.

Table 4 shows expenditure on capital grants by RAP region and statistical area. The government's commitment to support growth in Queensland's vital regional areas is highlighted by the fact that $1.694 billion (around 76.4%) of capital grants in 2020-21 will be spent outside of Greater Brisbane (Brisbane and Redlands, Logan and Ipswich).

Table 4 Capital grants by RAP region and statistical area for 2020-21[1,2]

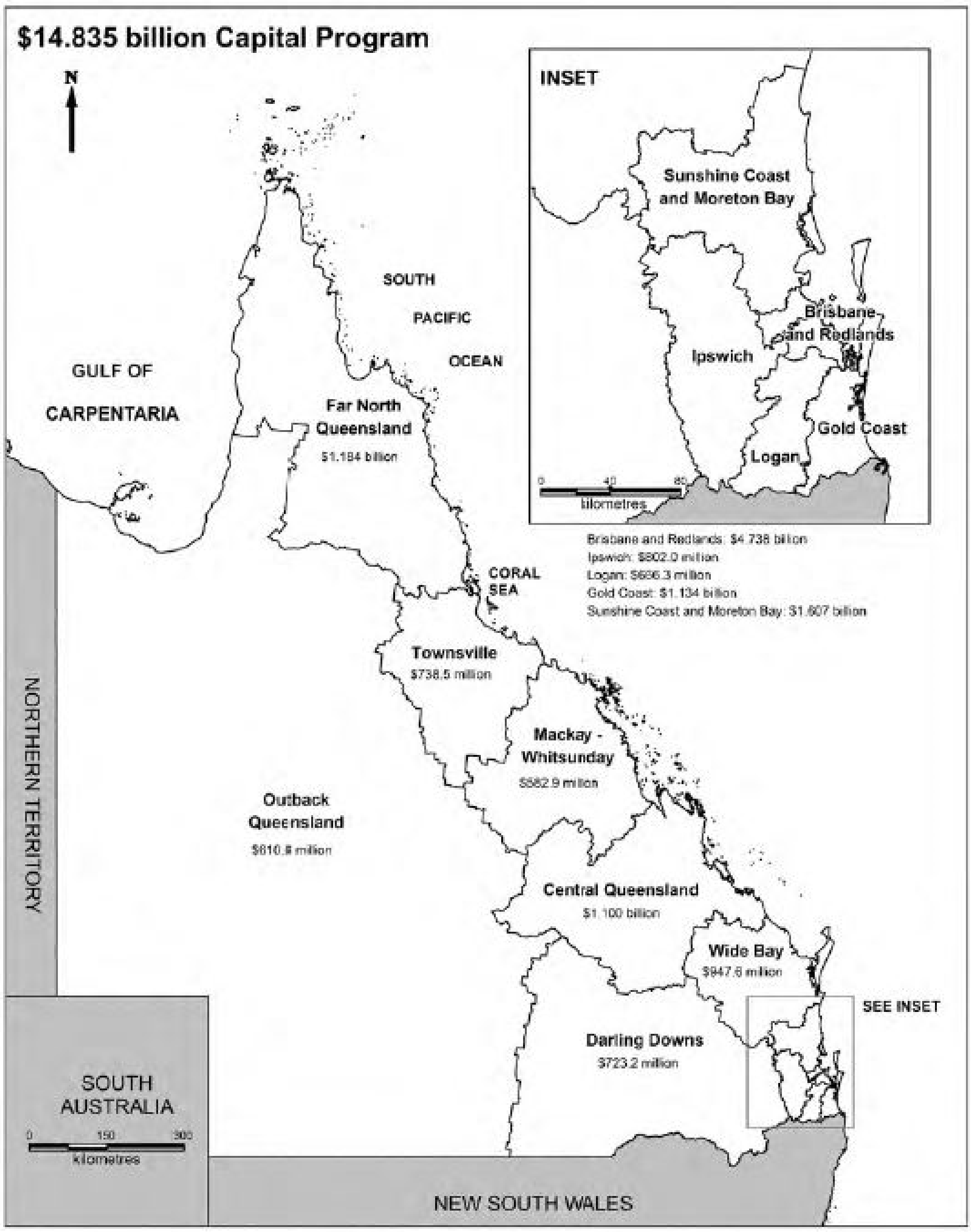
Regional Action Plan Region	Capital Grants $'000		Statistical Area	Capital Grants $'000
Brisbane and Redlands	320,792	301	Brisbane East	46,539
		302	Brisbane North	57,387
		303	Brisbane South	70,301
		304	Brisbane West	31,724
		305	Inner Brisbane	114,841
Ipswich	97,435	310	Ipswich	97,435
Wide Bay	127,765	319	Wide Bay	127,765
Darling Downs	151,555	307	Darling Downs Maranoa	114,011
		317	Toowoomba	37,544
Gold Coast	170,949	309	Gold Coast	170,949
Logan	105,967	311	Logan Beaudesert	105,967
Mackay-Whitsunday	164,368	312	Mackay	164,368
Outback Queensland[3]	341,892	315	Outback	454,562
Far North Queensland[3]	268,389	306	Cairns	155,719
Central Queensland	97,731	308	Central Queensland	97,731
Sunshine Coast and Moreton Bay	198,783	316	Sunshine Coast	91,788
		313	Moreton Bay North	50,375
		314	Moreton Bay South	56,620
Townsville	172,709	318	Townsville	172,709
Total Capital Grants	**2,218,336**			**2,218,336**

Notes:

1. Numbers may not add due to rounding.
2. The adjustments referred to in Table 3 have been spread across statistical areas proportionate to allocation of Grants.
3. $112.7 million of capital grants in the Outback statistical area belongs to the Far North Queensland region.

Chart 3 shows the distribution of the total 2020-21 capital program (capital purchases and capital grants) across the geographical regions of Queensland, as classified for Budget Paper 3 purposes.

Chart 3 Map of 2020-21 capital program by Queensland regions



Note: Boundaries are based on ASGS 2016

3 Capital outlays by infrastructure class

3.1 Arts, Culture, Sport and Recreation

In 2020-21, $593.7 million is allocated to the arts, culture, sport and recreation capital program, including $370.5 million in capital purchases and $223.2 million in capital grants.

ARTS, CULTURE, SPORT AND RECREATION

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Property Plant and Equipment					
Accelerating Science Delivery Innovation Program	Various	4,416	2,674	**1,742**	
Acquisition of art works for the gallery	305			**2,500**	Ongoing
Annual capital program - Stadiums Queensland	Various			**14,572**	Ongoing
Arts Infrastructure Investment Fund	305	18,016	17,473	**543**	
Brisbane - Boggo Road Precinct redevelopment	303	42,067	39,852	**2,215**	
Brisbane - Thomas Dixon Centre refurbishment	305	62,627	9,841	**52,683**	103
Brisbane Convention and Exhibition Centre, enhancements and replacements	303			**3,482**	Ongoing
Cairns Convention Centre expansion and refurbishment [1]	306	171,780	13,694	**84,506**	73,580
Cape York - recreation, visitor, management and access facilities	315			**851**	Ongoing
Collection acquisition - Queensland Museum	305			**20**	Ongoing
Critical infrastructure asset renewal and equipment replacement at the Queensland Performing Arts Centre	305	3,300	1,446	**1,854**	

ARTS, CULTURE, SPORT AND RECREATION

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Critical maintenance and infrastructure works - Queensland Museum	305	9,652	675	**8,977**	
Daisy Hill Action Plan visitor facilities upgrades	311	2,000		**2,000**	
East Trinity sustainable acid sulphate soils management	306	3,041	644	**1,827**	570
Enhanced Air Quality monitoring	Various	2,270		**801**	1,469
Gabba refurbishment	303	35,000	8,378	**26,622**	
General plant and equipment - Department of Environment and Science	Various			**7,580**	Ongoing
General systems development - Department of Environment and Science	Various			**5,744**	Ongoing
Great Barrier Reef Investment Island Arks project	Various	4,000		**2,000**	2,000
Great Barrier Reef Investment Marine Park reef trails (Whitsunday and Townsville)	Various	2,500		**300**	2,200
Information technology - Queensland Museum	305			**200**	Ongoing
Magnetic Island National Park - Forts Junction Hub upgrade	318	2,324	467	**1,857**	
Marine Parks major vessel replacements	Various	13,855	7,610	**5,825**	420
Moggill Koala Hospital and Rehabilitation Centre upgrade	304	981	674	**307**	
National Parks Works and Jobs Boost	Various	5,200		**5,200**	
New performing arts venue at the Queensland Performing Arts Centre	305	150,000	14,496	**21,150**	114,354
Ongoing replacement of plant and equipment - Queensland Art Gallery	305			**347**	Ongoing
Parks and forests fire management	Various	7,121	3,390	**2,231**	1,500
Projects - Queensland Museum	305	619		**619**	

ARTS, CULTURE, SPORT AND RECREATION

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Property, plant and equipment - Queensland Performing Arts Trust	305			**2,000**	Ongoing
Protected Area land acquisitions - Cape York	315	6,500		**6,500**	
Protected Area Strategy land acquisitions and management	Various	20,550		**7,280**	13,270
Quandamooka Country - North Stradbroke Island (Minjerribah) and Moreton Island (Mulgumpin) recreation, visitor, management and access facilities	Various	9,717		**5,091**	4,626
Queensland Active Precincts capital works	Various	38,888	8,730	**23,620**	6,538
Queensland Cultural Centre critical infrastructure asset renewal	305	15,371	5,521	**9,850**	
Queensland Cultural Centre critical infrastructure works program	305	22,867	22,656	**211**	
Queensland Cultural Centre Future Energy Efficiency	305	5,000	3,918	**1,082**	
Queensland Museum leased accommodation (right of use asset)	305	1,195		**1,195**	
Queensland Recreation Centres, Sports Grounds and Sport Houses capital works	Various			**388**	Ongoing
Queensland Sport and Athletics Centre industry hub redevelopment	303	9,827		**9,827**	
Reef Water Quality monitoring sites	Various	760		**760**	
Revitalising National Parks	Various	17,427	6,488	**10,939**	
South Bank car park upgrades and replacement	305			**200**	Ongoing
South Bank investment properties enhancements and replacements	305			**1,950**	Ongoing
South Bank parklands enhancements and replacements	305			**4,656**	Ongoing

ARTS, CULTURE, SPORT AND RECREATION

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
South Bank, Riverside Open Space	305	15,000	7,511	**7,489**	
Statewide parks and forests infrastructure upgrades	Various			**14,401**	Ongoing
Wangetti Trail	306	30,448		**4,520**	25,928
Total Property, Plant and Equipment				**370,513**	
Capital Grants					
Active Community Infrastructure Program	Various			**9,005**	Ongoing
Active Restart Infrastructure Recovery Fund	Various	15,500		**15,500**	
Administered - Roma Street Parklands	305			**3,776**	Ongoing
AFL Grand Final legacy	Various	4,000		**1,000**	3,000
AFL stadium at The Reserve Springfield	310	3,000		**3,000**	
Allied Health and Wellbeing Centre (Clem Jones Centre)	303	5,000		**2,500**	2,500
Attracting Tourism Fund	Various	18,880	6,534	**4,584**	7,762
Australian Workers Heritage Centre	315	2,200	1,800	**400**	
Ballymore Precinct stage 1 redevelopment	305	15,000		**5,000**	10,000
Community Use of Schools - Unlock the Gates	Various			**1,650**	Ongoing
Country Racing Program	Various	15,600	7,800	**2,600**	5,200
Female Facilities Program	Various	15,000	14,073	**927**	
Get Playing Places and Spaces	Various	28,259	26,782	**1,226**	251
Get Playing Plus	Various	38,437	38,096	**341**	
Sports grant funding boost	Various	7,530	7,119	**411**	
Great Barrier Reef Arena development project	312	10,000		**10,000**	
Great Barrier Reef Island rejuvenation package	Various	23,316	18,807	**2,717**	1,792

ARTS, CULTURE, SPORT AND RECREATION

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Great Keppel Island recovery package	308	20,520		**4,900**	15,620
Growing Tourism Infrastructure 2020-21 - capital grant program	Various	24,740		**9,740**	15,000
Growing Tourism Infrastructure Fund	Various	31,544	17,861	**9,802**	3,881
Horn Island Splash Park	315	3,000	87	**2,413**	500
Indigenous Tourism	Various	6,400		**4,592**	1,808
Interim Ranger Base - North Stradbroke Island (Minjerribah)	301	1,250		**1,250**	
Kowanyama Women's Meeting Place and Men's Shed	315	1,294	981	**313**	
Local community sporting infrastructure	Various	43,000		**24,000**	19,000
Mowbray North Wangetti Trail capital grant	306	5,736	2,856	**2,880**	
North Queensland Cowboys Community, Training and High Performance Sports Centre	318	5,000		**5,000**	
Outback Tourism Infrastructure Fund	315	9,400	5,930	**1,003**	2,467
Palm Island Splash Park	318	3,000	87	**2,413**	500
Place markers (public art) on North Stradbroke Island (Minjerribah)	314	1,116	400	**716**	
Queensland Tourism ICONS Program 2020	Various	23,250		**23,250**	
Queensland Reconstruction Authority 2020 Bushfires Project	309	1,775		**1,775**	
Quandamooka Arts Museum and Performance Institute	314	7,872	1,125	**6,747**	
Queensland Performing Arts Centre LED light upgrade	305	1,500		**1,500**	
Racing Infrastructure Fund	Various	129,269	53,872	**22,528**	52,869
Scouts Rochedale	303	100		**100**	

ARTS, CULTURE, SPORT AND RECREATION

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Screen Queensland - Far North Queensland Film Studio	306	6,800		**3,000**	3,800
Screen Queensland - Gold Coast Reality Television Hub	309	5,000		**2,500**	2,500
Straddie Camping Infrastructure Development	314	1,718	1,534	**184**	
Sunshine Coast Stadium	316	20,000		**5,000**	15,000
Surf Lifesaving infrastructure	Various	6,000		**3,000**	3,000
Tourism Recovery Fund	312	7,983	6,948	**1,035**	
Townsville Sailing Club	318	4,000		**4,000**	
Townsville Skate Park (Harold Phillips Park)	318	1,000		**1,000**	
Underwood Sports Park	311	9,994	9,683	**311**	
Sport and Recreation - Various capital grants	Various			**7,047**	Ongoing
Whitsunday Sports Park	312	2,100	435	**1,665**	
Yalingbila Bibula (Whale on the Hill)	314	3,470	493	**2,977**	
Zillmere Sports Centre	302	6,116	4,184	**1,932**	
Total Capital Grants				**223,210**	
TOTAL ARTS, CULTURE, SPORT AND RECREATION				**593,723**	

1 This is the capital component of the project, the total project value is $176 million.

3.2 Cross-Government

In 2020-21, $1.414 billion is allocated to the cross-government capital program, including $292.9 million in capital purchases and $1.121 billion in capital grants.

CROSS-GOVERNMENT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Property Plant and Equipment					
Hardware replacement (Residential Tenancies Authority)	305	206	179	**27**	
Abandoned Mines - Care and maintenance, risk mitigation, remediation and consultation	Various	1,825	1,325	**500**	
Accommodation Support and Respite Services - accommodation upgrades	Various	1,065	174	**891**	
Arthur Petersen Diversionary Centre upgrade	315	380	30	**350**	
Asset replacement (CITEC)	305			**2,890**	Ongoing
Asset replacement (Queensland Shared Services)	305			**100**	Ongoing
Asset replacement program - Library Board of Queensland	305			**700**	Ongoing
Autonomous Systems – Drone testing facility	315	9,100	3,342	**5,758**	
Public Works - Building works and capital replacements	Various			**2,254**	Ongoing
Cairns Regional Industrial Estate	306	31,500	500	**9,500**	21,500
Capricorn Coast Pineapple Rail-Trail Extension	308	455	17	**438**	
Carseldine Urban Village	302	35,347	15,497	**16,525**	3,325
Child and Family Services - Residential care facilities	Various			**815**	Ongoing
Clinton Industrial Estate	308	20,114	864	**500**	18,750
Community Services - Bowen Neighbourhood Centre	312	3,405	464	**2,941**	

CROSS-GOVERNMENT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Community Services - Bundaberg Neighbourhood Centre driveway upgrade	319	273	48	**225**	
Community Services - Cairns (Lyons St) Diversionary Centre Expansion	306	4,000		**800**	3,200
Community Services - general property upgrades	Various			**2,394**	Ongoing
Community Services - Kallangur Community Centre	314	4,132	1,171	**2,962**	
Community Services - Neighbourhood Centre Renewal Program	Various	10,226	10,000	**226**	
Community Services - office accommodation	Various			**302**	Ongoing
Community Services – Ripley Neighbourhood Centre	310	4,100		**730**	3,370
Community Services - The Oasis Townsville	318	9,300	1,265	**8,035**	
Community Services - Thursday Island Community Centre	315	5,500	2,916	**2,584**	
Community Services - Townsville Women's Centre	318	4,150	2,950	**1,200**	
Community Services - Wilsonton Neighbourhood Centre	317	3,800	698	**2,467**	635
Computer equipment - Department of Agriculture and Fisheries	Various			**4,320**	Ongoing
Department of the Premier and Cabinet – Information, communication and technology systems upgrade	305			**551**	Ongoing
Digital collection additions – Library Board of Queensland	305			**595**	Ongoing
Disability Services - office accommodation	Various			**302**	Ongoing
Disability Services Infrastructure Program - general property upgrades	Various			**1,187**	Ongoing
Ecosciences and Health and Food Sciences Precincts	Various			**324**	Ongoing

CROSS-GOVERNMENT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Fitout - Department of Agriculture and Fisheries					
Electorate office accommodation improvement program	Various			**1,127**	Ongoing
Forensic Disability Service transitional accommodation	310	6,450		**4,300**	2,150
Geoscience Data Modernisation Project (Strategic Resources Exploration Program)	Various	5,606	4,761	**845**	
Gladstone State Development Area	308	16,716	7,116	**500**	9,100
Gold Coast Health and Knowledge Precinct	309	33,425	22,762	**4,001**	6,662
Government Employee Housing Construction - Aurukun	315			**832**	Ongoing
Government employee housing	Various			**56,565**	Ongoing
Heavy plant and equipment - Department of Agriculture and Fisheries	Various			**914**	Ongoing
Heritage collection additions – Library Board of Queensland	305			**465**	Ongoing
Hopeland (Linc Energy) Management and Remediation Project	307	4,616	2,051	**2,265**	300
Implementing more effective funding grants to local government	Various	816	619	**197**	
Information collection additions – Library Board of Queensland	305			**349**	Ongoing
Information technology network infrastructure - Legislative Assembly of Queensland	305			**1,065**	Ongoing
Leasehold Restoration (Queensland Building and Construction Commission)	Various	1,798		**1,798**	
Legal Recognition of Torres Strait Islander Traditional Child Rearing Practice	Various	570		**570**	

CROSS-GOVERNMENT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Mid-life refit of the patrol vessel "KI Ross"	302	1,600		**1,000**	600
Ministerial Offices and Office of the Leader of the Opposition - Information, communication and technology infrastructure	305			**350**	Ongoing
Minor property, plant and equipment - Aboriginal and Torres Strait Islander Partnerships	Various			**100**	Ongoing
Minor works - Department of Agriculture and Fisheries	Various			**1,195**	Ongoing
Mount Morgan - Dam 8 upgrade	308	1,600		**1,600**	
New glasshouse at Maroochy research facility	316	1,265	240	**1,025**	
Northshore Hamilton	305	368,863	66,878	**25,398**	276,587
Office accommodation and Child Safety service centres	Various			**1,502**	Ongoing
Office building lease - Right of use asset - Residential Tenancies Authority	305	12,474		**12,474**	
Optimisation projects and initiatives - Queensland Shared Services	305			**300**	Ongoing
Other asset replacements - Queensland Racing Integrity Commission	305			**309**	Ongoing
Other minor capital purchases - local government	Various			**25**	Ongoing
Other plant and equipment - Information, communication and technology, Department of State Development, Infrastructure, Local Government and Planning	305			**50**	Ongoing
Other property, plant and equipment - Department of Agriculture and Fisheries	Various			**2,185**	Ongoing
Other property, plant and equipment - Legislative Assembly of Queensland	305			**2,861**	Ongoing

CROSS-GOVERNMENT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Other property, plant and equipment - Resources and Water	Various			**4,038**	Ongoing
Other property, plant and equipment – State Development Areas, Office of the Coordinator-General	308	1,209	1,054	**155**	
Other property, plant and equipment - Queensland Building and Construction Commission	Various	146		**146**	
Oxley Priority Development Area	310	30,836	3,839	**15,487**	11,511
Parliament House fire protection	305	9,615	8,735	**880**	
Parliamentary precinct critical infrastructure and services upgrade program	305	14,493	1,936	**7,695**	4,862
Plant and equipment - Electoral Commission of Queensland	305			**79**	Ongoing
Public Works - Other property, plant and equipment	Various			**2,464**	Ongoing
Office Accommodation Program	Various			**26,149**	Ongoing
Racing Science Centre laboratory technology upgrades	305			**1,305**	Ongoing
Refurbishment of Wacol Tick Fever Centre	310	1,520	437	**1,083**	
Registration and Licensing Environment - Queensland Racing Integrity Commission	305	3,535	3,235	**300**	
Research facilities development - Department of Agriculture and Fisheries	Various			**962**	Ongoing
Roma Hospital Student accommodation	307	5,950	724	**5,226**	
Salisbury Plains Industrial Precinct	312	9,300	2,050	**250**	7,000
Scientific equipment - Department of Agriculture and Fisheries	Various			**1,307**	Ongoing

CROSS-GOVERNMENT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Software enhancement - Residential Tenancies Authority	305	5,201	1,378	**900**	2,923
Software purchases and development - Department of Agriculture and Fisheries	Various			**600**	Ongoing
Southern Downs Child and Family Centre	310	2,052		**2,052**	
Stock route network	Various			**800**	Ongoing
Sunshine Coast Industrial Park - Stage 2	316	31,018	218	**1,300**	29,500
System development - Resources and Water	Various			**3,069**	Ongoing
Townsville Regional Industrial Estate	318	8,125	4,425	**200**	3,500
Upgrade and refurbishment of existing facilities at Toowoomba - Department of Agriculture and Fisheries	317	14,196	7,403	**3,613**	3,180
Upgrade of Mareeba research facility	306	890		**390**	500
Vessels and marine equipment - Department of Agriculture and Fisheries	Various			**849**	Ongoing
Voice Project - Residential Tenancies Authority	305	200		**200**	
Water monitoring network	Various			**600**	Ongoing
Yeerongpilly Green	303	67,509	55,398	**413**	11,698
Yeppoon Heritage Rail Station restoration	308	475	314	**161**	
Yeronga Priority Development Area	303	28,077	10,889	**10,638**	6,549
Total Property, Plant and Equipment				**292,871**	
Capital Grants					
Bakers Road Floodway, Bauple	319	272	245	**27**	
Bowen Beach Seawall	312	895	806	**89**	

CROSS-GOVERNMENT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Building Our Regions	Various	332,610	239,390	**62,401**	30,819
Bundaberg Central Men's Shed	319	200	100	**100**	
Callide Dam flood mitigation investigation	308	3,750	2,785	**965**	
Community Infrastructure Investment Partnership	311	15,000		**4,000**	11,000
Community Preparedness Fund	Various	1,150	349	**801**	
Community Services - Yarrabilba Hive	311	2,600		**1,100**	1,500
COVID Works for Queensland	Various	200,000		**180,000**	20,000
Cunnamulla artesian hot springs and river walk experience	315	4,996	250	**1,250**	3,496
Disaster Resilience Fund	Various	8,600	2,881	**4,708**	1,011
Elderly Parent Carer Innovation Initiative	316	1,000	800	**200**	
Emergency Warning Sirens in Central Highlands	308	177	157	**20**	
Halifax Flood Mitigation Levee, Townsville	318	391	117	**274**	
Hinchinbrook Harbour New Sewage Plant	306	6,433		**1,133**	5,300
Indigenous Councils Critical Infrastructure Program	Various	120,000	51,876	**15,462**	52,662
Kuranda Skyrail and infrastructure levy	306			**744**	Ongoing
Local Government Grants and Subsidies Program	Various			**26,003**	Ongoing
Logan City Councils Flooded Road Warning System	311	880	792	**88**	
Mackay Beach restoration and mitigation	312	4,562	3,543	**1,019**	
Mackay Bluewater Trail and Queens Park revitalisation	312	8,864	4,153	**4,711**	
National Partnership Agreement - Disaster Risk Reduction	Various	65,507		**10,482**	55,025

CROSS-GOVERNMENT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Natural Disaster Relief and Recovery Arrangements - Local Government Authorities	Various			**493,279**	Ongoing
Natural Disaster Resilience Program (jointly funded by the Australian Government)	Various	15,475	9,993	**5,482**	
Northern Peninsula Area water supply system - replacement of asbestos cement pipelines	315	5,000	905	**2,678**	1,417
Palm Island rising main project	318	2,000		**1,500**	500
Paroo Shire Council upgrade to critical sewerage infrastructure	315	9,100	6,300	**2,800**	
Port Hinchinbrook Normalisation	306	367		**367**	
Proserpine Entertainment Centre	312	13,725	1,717	**6,308**	5,700
Queensland First Home Owners' Grant	Various			**128,570**	Ongoing
Resources Community Infrastructure Fund	Various	100,000		**66,666**	33,334
Royalties for the Regions - Round 4	315	85,688	85,588	**100**	
Sarabah Road Floodway, Ipswich	310	82	69	**13**	
South East Queensland Community Stimulus Package	Various	100,000		**45,000**	55,000
Southport Spit	309	19,092	2,991	**10,567**	5,534
Splash Parks Mareeba and Douglas Shire	Various	3,000		**3,000**	
Toowoomba State Emergency Service Operations Centre	317	1,000	300	**700**	
Torres Shire Council water treatment infrastructure upgrade	315	12,000	10,800	**1,200**	
Wackford Street Drainage, Rockhampton	308	1,884	1,440	**444**	
Whitsunday Regional Council administration building	312	5,000	3,154	**1,846**	

CROSS-GOVERNMENT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	Budget 2020-21 $'000	Post 2020-21 $'000
Works for Queensland	Various	800,000	518,005	**33,995**	248,000
Young Animal Protection Society Capital Grant	306	1,000		**500**	500
Zig Zag Road flood immunity project	315	360	244	**116**	
Total Capital Grants				**1,120,708**	
TOTAL CROSS-GOVERNMENT				**1,413,579**	

3.3 Digital

In 2020-21, $25.1 million is allocated to the digital capital program for capital purchases.

DIGITAL

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Property Plant and Equipment					
Accommodation Support and Respite Services - Client Record Management System	Various	760	678	**82**	
Implementation of online Blue Card application system	305	9,790	7,809	**1,981**	
Information system enhancements - Department of Children, Youth Justice and Multicultural Affairs	Various			**2,800**	Ongoing
Information technology infrastructure replacement - Department of Children, Youth Justice and Multicultural Affairs	Various			**1,560**	Ongoing
One Network - TAFE Queensland	Various			**1,270**	Ongoing
S/4HANA Finance System technical upgrade – Queensland Treasury	305	1,661	736	**925**	
Strategic Election Management System Replacement Project	305	18,100	14,626	**3,474**	
Unify (Integrated Client Management System replacement) Program - Stage 1	Various	21,901	8,880	**13,021**	
Total Property, Plant and Equipment				**25,113**	
TOTAL DIGITAL				**25,113**	

3.4 Education and Training

In 2020-21, $1.917 billion is allocated to the education and training capital program, including $1.780 billion in capital purchases and $136.7 million in capital grants.

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Property, Plant and Equipment					
Advancing Clean Energy Schools	Various	160,340	43,683	**50,902**	65,756
Advancing our Training Infrastructure - Alexandra Hills	301	10,000	5,634	**4,366**	
Advancing our Training Infrastructure - Cairns	306	15,000	339	**14,661**	
Advancing our Training Infrastructure - Gold Coast	309	28,711	9,926	**18,785**	
Advancing our Training Infrastructure - Mount Gravatt	303	15,000	12,118	**2,882**	
Air conditioning in state schools	Various	341,250	65,314	**129,686**	146,250
Algester State School - Refurbish administration building	303	750		**750**	
Algester State School - School security fence	303	700		**700**	
Ascot State School - Provide equitable access to Blocks F, H, I and oval	305	600		**600**	
Aspley State High School - Additional classrooms	302	3,185	43	**3,142**	
Aspley State High School - Additional facilities	302	10,010	989	**9,021**	
Aurukun State School - Replace administration block	315	3,000		**3,000**	
Bald Hills State School - Refurbish administration building	302	1,000		**1,000**	
Balmoral State High School - Additional classrooms	305	10,250		**4,797**	5,453
Balmoral State High School - New administration building	305	2,500		**2,500**	
Banksia Beach State School - New carpark	313	878	423	**455**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Baringa State Secondary College - Stage 1	316	48,874	22,299	**20,372**	6,203
Bellbird Park State Secondary College - Additional classrooms	310	27,185		**12,233**	14,952
Bentley Park College - School security fence	306	700		**700**	
Blackwater State High School - Multiple equitable access works	308	450		**450**	
Blackwater State High School - Replacement building	308	2,520	1,523	**997**	
Bluewater State School - Replace existing amenities block	318	1,500		**1,500**	
Bohlevale State School - School security fence	318	700		**700**	
Boondall State School - Stop drop and go facility	302	655		**655**	
Boyne Island State School - Refurbish junior amenities	308	500		**500**	
Bracken Ridge State High School - Install B Block lift and A Block and Manual Arts ramps	302	650		**650**	
Bray Park State High School - Additional classrooms	314	10,741	511	**10,230**	
Brisbane Central State School - Additional classrooms	305	14,577	1,001	**11,824**	1,752
Brisbane South State Secondary College - All stages	305	122,200	60,472	**59,635**	2,093
Brisbane South State Secondary College - Sports complex	305	5,579	372	**5,207**	
Broadbeach State School - Additional classrooms	309	7,649	6,372	**1,277**	
Buddina State School - Additional classrooms	316	4,346	541	**3,805**	
Bundaberg State High School - Additional facilities	319	10,010	3,679	**6,331**	
Buranda State School - Additional classrooms	303	3,975		**1,789**	2,186

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Burpengary State Secondary College - Additional classrooms	313	9,562	3,598	**5,964**	
Bwgcolman Community School - Improved learning space	318	500		**500**	
Bwgcolman Community School - New administration building	318	3,000		**3,000**	
C&K Caloundra Child Care Centre Early Childhood site - Refurbish early childhood education and care service	316	1,000		**1,000**	
Caboolture Early Years Centre - Refurbish early childhood education and care service	313	1,000		**1,000**	
Caboolture State School - Replace galvanised water pipes	313	300		**300**	
Cairns State High School - Additional facilities	306	10,010	4,181	**5,829**	
Cairns West State School - Replace existing amenities block	306	750		**750**	
Calamvale Community College - Additional classrooms	303	8,950		**4,028**	4,923
Calliope State High School - Stage 2	308	13,800		**6,210**	7,590
Cannon Hill State School - Provide equitable access to site	303	890		**890**	
Cannonvale State School - Additional classrooms	312	3,347	2,768	**578**	
Cannonvale State School - New administration and resource centre	312	6,130		**6,130**	
Capella State School - Refurbish H block amenities	308	550		**550**	
Capella State School - Replace administration building	308	1,800		**1,800**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Carina State School - Provide equitable access to classrooms and playground	303	400		**400**	
Cavendish Road State High School - Additional classrooms	303	1,200		**1,200**	
Centenary State High School - Additional classrooms	304	8,100		**3,645**	4,455
Centenary State High School - Additional seven spaces in existing block	304	1,759	227	**1,532**	
Charters Towers Central State School - Refurbish amenities	318	300		**300**	
Chatsworth State School - Refurbish administration building	319	300		**300**	
Cleveland District State High School - School security fence	301	700		**700**	
Clifford Park Special School - Additional classrooms	317	4,500		**1,845**	2,655
Clifford Park Special School - Relocation of Denise Kable Centre	317	9,400		**3,510**	5,890
Clinton State School - Refurbish amenities	308	550		**550**	
Coen Campus of Cape York Aboriginal Australian Academy - Replace existing amenities block	315	1,100		**1,100**	
Contact Centre technology refresh - TAFE Queensland	Various			**928**	Ongoing
Contribution to Yarrabilba Hive	311	1,092		**1,092**	
Coolum State High School - Additional classrooms	316	7,984	6,767	**1,217**	
Coolum State High School - School security fence	316	700		**700**	
Coominya State School - Relocate administration building	310	750		**750**	
Coorparoo State School - Install D Block lift	303	300		**300**	
Corinda State High School - Additional facilities	304	10,010	4,070	**5,940**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Cranbrook State School - School security fence	318	700		**700**	
Crescent Lagoon State School - Provide equitable access to amenities and B Block	308	295		**295**	
Crestmead State School - School security fence	311	700		**700**	
Dayboro State School - Provide equitable access to site	314	500		**500**	
Dingo State School - Refurbish amenities	308	400		**400**	
Dunwich State School - Replace existing amenities block	301	1,000		**1,000**	
Dutton Park State School - Replace sewer line	303	305		**305**	
Eagle Junction State School - Additional classrooms	305	7,554	601	**6,952**	
Eagleby South State School - Additional classrooms	311	4,924	3,490	**1,434**	
Edge Hill State School - Renew administration for school and student support hub	306	5,200		**5,200**	
Education Future Skills Pathways	Various	44,980		**5,000**	39,980
Eidsvold State School - Refurbish amenities	319	600		**600**	
E-learning Project - TAFE Queensland	Various	1,049	199	**850**	
Emerald State School - Extend administration building	308	870		**870**	
Emu Park State School - Provide equitable access to B Block and stage	308	375		**375**	
Esk State School - Replacement of toilet block	310	426	2	**424**	
Eumundi State School - Additional classrooms	316	6,980	2,197	**4,783**	
Everton Park State High School - Additional facilities	302	10,010	1,383	**8,627**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Fernbrooke State School - Additional classrooms	310	11,965	3,657	**6,713**	1,595
Ferny Grove State High School - Additional facilities	304	10,010	3,863	**6,147**	
Fitzgerald State School - Refurbish Block 2 amenities	312	375		**375**	
Fortitude Valley State Secondary College - All stages	305	122,200	84,303	**6,530**	31,367
Freshwater State School - Refurbish E Block	306	480		**480**	
Gainsborough State School - Stage 1	309	34,893	16,148	**14,981**	3,764
General and minor works - Education	Various			**188,598**	Ongoing
General and minor works - Early childhood education and care	Various			**1,900**	Ongoing
Gin Gin State High School - New administration building	319	2,500		**2,500**	
Glamorgan Vale State School - Replace existing amenities block	310	750		**750**	
Glenella State School - Provide equitable access to core classrooms	312	460		**460**	
Goodna Special School - Additional classrooms	310	10,614	3,944	**6,670**	
Gowrie State School - New outdoor learning area	317	500		**500**	
Gumdale State School - Additional classrooms	301	6,000		**2,363**	3,638
Haigslea State School - Replace existing amenities block	310	750		**750**	
Hamilton State School - Additional classrooms	305	4,475	439	**3,539**	498
Harristown State High School - School security fence	317	700		**700**	
Harristown State School - Upgrade car park	317	300		**300**	
Hatton Vale State School - Additional classrooms	310	1,100		**1,100**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Hatton Vale State School - Replace septic system	310	300		**300**	
Heatley Secondary College - Refurbishment and upgrade works	318	10,010	4,420	**5,590**	
Hervey Bay State High School - Additional classrooms	319	5,400		**2,430**	2,970
Hervey Bay State High School - Performing arts centre and additional classrooms	319	10,518	2,256	**8,262**	
Highfields State School - Upgrade of administration building	317	3,000		**3,000**	
Holland Park State High School - Structural rectification of amenities	303	537		**537**	
Identity Access Management - TAFE Queensland	Various	1,050		**1,050**	
Indooroopilly State High School - Additional facilities	304	10,010	5,849	**4,161**	
Information and communications technology program of works - TAFE Queensland	Various			**7,112**	Ongoing
Ipswich State High School - Additional classrooms	310	6,856	2,016	**4,839**	
Isabella State School - School security fence	306	700		**700**	
Ithaca Creek State School - Additional classrooms	305	10,967	670	**10,297**	
Kallangur State School - Additional classrooms	314	8,585		**3,863**	4,722
Kallangur State School - Hall extension	314	3,640	210	**3,430**	
Kawungan State School - Refurbish administration building	319	500		**500**	
Kenmore South State School - Install lift in administration and ramps to specialist spaces	304	500		**500**	
Kepnock State High School - Install lift and covered walkway	319	500		**500**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Keppel Sands State School - Replace existing amenities and transpiration pit	308	500		**500**	
Kin Kora State School - Provide equitable access to the hall	308	1,078		**1,078**	
Kingston State College - Refurbishment of administration	311	1,500		**1,500**	
Kippa-Ring State School - Refurbishment of administration	313	600		**600**	
Kirwan State School - Extend administration building	318	1,500		**1,500**	
Land acquisition – Department of Education	Various			**146,536**	Ongoing
Lawnton State School - Additional classrooms	314	8,325		**3,746**	4,579
Lawnton State School - New hall	314	2,275	337	**1,938**	
Lee Street State Special School - Stage 2	313	19,700		**13,800**	5,900
Lockhart State School - Additional facilities	315	2,986	432	**2,555**	
Lockyer District State High School - Stormwater mitigation on oval	317	550		**550**	
Logan City Special School - Additional classrooms	311	10,547	3,947	**6,601**	
Logan Reserve State School - Additional classrooms	311	4,849	861	**3,988**	
Loganlea State High School - Provide equitable access to amenities	311	300		**300**	
Longreach State School - Replace existing amenities block	315	500		**500**	
Mabel Park State High School - Additional classrooms	311	16,600		**6,624**	9,976
Mackenzie State Special School - Additional classrooms	303	3,825	254	**3,571**	
Mango Hill State School - Additional classrooms	314	12,000		**4,905**	7,095

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Mango Hill State School - New hall	314	5,460	154	**5,306**	
Mansfield State High School - Refurbishment and upgrade works	303	10,010	6,087	**3,923**	
Mansfield State School - Additional classrooms	303	8,078	332	**7,747**	
Marsden State High School - Additional classrooms	311	17,498	2,860	**13,578**	1,060
Marsden State School - Additional classrooms	311	11,000		**4,628**	6,372
Mary Valley State College - Install lift	319	300		**300**	
Maryborough State High School - Additional facilities	319	10,010	4,814	**5,196**	
Meridan State College - School security fence	316	800		**800**	
Milton State School - Additional classroom facilities	305	1,297	41	**1,256**	
Milton State School - Additional classrooms and flood mitigation	305	8,986	782	**8,204**	
Mitchelton Special School - Additional classrooms	304	8,606	375	**620**	7,611
Mitchelton State High School - Additional facilities	304	10,010	3,642	**6,368**	
Moggill State School - Additional classrooms	304	5,039	2,121	**2,918**	
Monkland State School - Replace fire and water mains	319	500		**500**	
Mooloolaba State School - Additional classrooms	316	6,270		**2,822**	3,449
Moranbah State High School - New hall	312	6,370	3,423	**2,947**	
Morayfield East State School - School security fence	313	700		**700**	
Morayfield State High School - Infrastructure upgrades	313	404		**404**	
Morayfield State High School - New hall	313	5,460	139	**5,321**	
Morningside State School - Additional classrooms	305	3,840	1,097	**2,743**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Mornington Island State School – School security fence	315	2,349	1,131	**1,218**	
Mount Archer State School - School security fence	308	700		**700**	
Mount Cotton State School - Additional classrooms	301	7,343	3,643	**3,700**	
Mount Gravatt State High School - School security fence	303	800		**800**	
Murgon State High School - Community Hub in Murgon	319	910		**910**	
Murgon State High School - New administration building	319	4,550	427	**4,123**	
Murgon State High School - New hall	319	5,460	361	**5,099**	
New Farm State School - Additional classrooms	305	17,967	470	**10,080**	7,417
New Primary School in Brisbane's Inner West - All stages	Various	65,155		**346**	64,809
New primary school in Caloundra South - All stages	316	68,159		**26,600**	41,559
New primary school in North Maclean - All stages	311	66,451		**26,880**	39,571
New special school in Coomera - All stages	309	46,056		**22,727**	23,329
Newmarket State School - Additional classrooms	305	5,240	677	**4,563**	
Noosa District State High School - Pomona Campus - Refurbish administration building	316	500		**500**	
Northgate State School - Refurbish administration building	302	300		**300**	
Northgate State School - Stop drop and go facility	302	364		**364**	
Norville State School - School security fence	319	700		**700**	
Nursery Road State Special School - Additional classrooms	303	8,223	802	**7,421**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Oakey State High School - Refurbish hospitality block	307	600		**600**	
Oakey State High School - Refurbish industrial technology and design facilities	307	750		**750**	
Ormeau State School - Additional classrooms	309	8,749	6,301	**2,448**	
Ormeau Woods State High School - Additional classrooms	309	9,785		**3,683**	6,102
Other Projects - TAFE Queensland	Various	2,040		**2,040**	
Oxenford State School - Install covered link	309	670		**670**	
Pacific Pines State High School - Additional classrooms	309	26,000		**10,015**	15,985
Pallara State School - Additional classrooms	303	10,279	2,228	**8,051**	
Palm Beach State School - Additional classrooms	309	10,600		**4,770**	5,830
Palmview State Primary School - Stage 1	316	40,371	17,911	**18,090**	4,371
Palmview State Special School - Stage 1	316	28,915	18,600	**7,477**	2,839
Park Ridge State High School - Electrical upgrade	311	540		**540**	
Park Ridge State School - New administration building	311	2,000		**2,000**	
Parkhurst State School - Additional classrooms	308	7,452	1,664	**5,788**	
Peak Crossing State School - New administration building	310	1,500		**1,500**	
Peregian Springs State School - Additional classrooms	316	6,739	2,695	**4,045**	
Petrie State School - School security fence	314	700		**700**	
Petrie Terrace State School - Additional classrooms	305	2,472	703	**1,768**	
Picnic Creek State School - Additional classrooms	309	11,100		**4,095**	7,005

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Pimlico State High School - School security fence	318	700		**700**	
Pine Rivers Special School - Additional classrooms	314	9,275	4,128	**5,147**	
Pine Rivers State High School - Install new lift and walkways	314	1,000		**1,000**	
Plant and equipment - Department of Education	Various			**60,028**	Ongoing
Plant and equipment - Office of Industrial Relations	Various			**2,678**	Ongoing
Plant and Equipment - Queensland Curriculum and Assessment Authority	305			**6,424**	Ongoing
Product Development - TAFE Queensland	Various			**4,643**	Ongoing
Proserpine State High School - Additional facilities	312	10,010	4,274	**5,736**	
Pumicestone State School - Additional classrooms	313	9,935	579	**9,356**	
Quinalow Prep-10 State School - Replace septic system	307	300		**300**	
Ravenshoe State School - Equitable access to administration and computer room	306	350		**350**	
Ravenshoe State School - Refurbish special education building	306	500		**500**	
Redbank Plains State High School - Upgrade car park	310	400		**400**	
Redcliffe State High School - Refurbish industrial technology and design facilities	313	1,000		**1,000**	
Redland District Special School - Additional classrooms	301	8,606	234	**8,371**	
Redlynch State College - Additional classrooms	306	9,561	1,597	**7,965**	
Revitalising TAFE - State Wide Trade Modernisation - Ashmore	309	3,567	67	**3,500**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Revitalising TAFE - State Wide Trade Modernisation - Bohle	318	300		**300**	
Revitalising TAFE - State Wide Trade Modernisation - Bundaberg	319	2,000		**2,000**	
Revitalising TAFE - State Wide Trade Modernisation - Mount Isa	315	1,500		**1,500**	
Right of Use Leased Assets - TAFE Queensland	Various	1,383		**1,383**	
Rockhampton State High School - School security fence	308	700		**700**	
Rosella Park School - Additional classrooms	308	9,500		**4,275**	5,225
Runcorn Heights State School - Additional classrooms	303	6,473	952	**5,522**	
Sarina State High School - Additional facilities	312	10,010	811	**9,199**	
School Halls	Various	235,000		**2,000**	233,000
School Infrastructure Enhancement capital contribution	Various			**27,780**	Ongoing
School Subsidy Scheme	Various			**11,061**	Ongoing
Shovel-ready school projects	Various	45,000		**2,000**	43,000
Shailer Park State High School - Additional classrooms	311	7,826	1,195	**6,631**	
Shailer Park State High School - Refurbish existing multipurpose shelter	311	1,392	54	**1,339**	
Southport Special School - Improve school entrance to incorporate bus and taxi set down	309	1,000		**1,000**	
Southport State High School - Replacement building - Fire rectification	309	5,340	125	**4,718**	497
Spinifex State College - Mount Isa - Senior Campus - Refurbish amenities	315	300		**300**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Spinifex State College - Mount Isa - Senior Campus - School security fence	315	700		**700**	
Springfield Central State High School - Additional classrooms	310	11,465	1,119	**10,346**	
Springfield Central State School - Additional classrooms	310	9,300		**4,185**	5,115
Springwood State High School - Refurbishment and upgrade works	311	10,010	7,311	**2,699**	
Stretton State College - Additional 10 spaces in existing block (Primary Campus)	303	2,802	295	**2,507**	
Stretton State College - Additional classrooms	303	12,000		**3,150**	8,850
Stretton State College - New building - 10 classrooms including specialist learning spaces	303	9,084	494	**8,589**	
Tagai State College - Thursday Island Primary Campus - Replace existing amenities block	315	1,700		**1,700**	
Tagai State College - Yorke Island Campus - Enhance outdoor play space for state delivered kindy	315	300		**300**	
Taranganba State School - Provide equitable access to amenities	308	250		**250**	
Taranganba State School - Refurbish P Block	308	650		**650**	
Taroom State School - Replace existing amenities block	308	1,500		**1,500**	
The Gap State High School - Additional classrooms	304	11,761	923	**9,674**	1,164
Toowong State School - Additional classrooms	305	7,211	1,028	**6,183**	
Toowong State School - Supporting infrastructure at oval site	305	1,820	123	**1,697**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Toowoomba State High School - Additional facilities	317	10,010	4,412	**5,598**	
Toowoomba West Special School - Additional classrooms	317	3,100		**1,880**	1,220
Townsville Community Learning Centre - A state special school - Additional classrooms	318	7,600		**3,420**	4,180
Townsville South State School - Replace existing amenities block	318	500		**500**	
Training Assets	Various			**40,841**	Ongoing
Training Plant & Equipment - TAFE Queensland	Various			**15,925**	Ongoing
Trinity Bay State High School - Refurbish industrial technology and design facilities	306	1,000		**1,000**	
Tropical North Learning Academy - Smithfield State High School - Additional classrooms	306	7,267	385	**6,882**	
Tropical North Learning Academy - Smithfield State High School - Additional facilities	306	10,010	2,479	**7,531**	
Tropical North Learning Academy - Trinity Beach State School - Additional facilities	306	10,010	2,773	**7,237**	
Tropical North Learning Academy - Trinity Beach State School - Construct carpark	306	455		**455**	
Upper Mount Gravatt State School - Replacement building - Fire rectification	303	5,026	92	**4,531**	403
Various - Stage 2 of the 2020 Building Future Schools projects	Various	132,615	1,480	**92,831**	38,305
Victoria Point State High School - Hall extension	301	1,820	449	**1,371**	
Victoria Point State High School - School security fence	301	800		**800**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Warrigal Road State School - Additional classrooms	303	7,750	869	**6,881**	
Warwick East State School - Replacement building - Fire rectification	307	3,678	184	**3,494**	
Warwick East State School - Replacement facilities - Site rectification	307	1,200	943	**257**	
Warwick East State School - Structural rectification of heritage building	307	1,056		**1,056**	
Wellers Hill State School - Provide equitable access to amenities	303	300		**300**	
West End State School - Additional classrooms – Stage 1	305	21,991	16,672	**5,319**	
West End State School - Additional classrooms – Stage 2	305	25,009	1,267	**7,247**	16,494
Western Cape College - Mapoon - Enhance outdoor play space for state delivered kindy	315	450		**450**	
Whites Hill State College - Provide equitable access to science block	303	350		**350**	
Whites Hill State College - Security fence	303	565		**565**	
William Ross State High School - Improved learning space	318	600		**600**	
William Ross State High School - Upgrade of oval and irrigation system	318	311	9	**302**	
Wilsonton State High School - Additional classrooms	317	16,500		**5,355**	11,145
Windsor State School - Additional classrooms	305	7,998	429	**7,079**	491
Wishart State School - Additional classrooms	303	7,346	830	**6,516**	
Withcott State School - Replace septic system	317	300		**300**	

EDUCATION AND TRAINING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Woongarra State School - Provide wastewater and water service to the school	319	1,000		**1,000**	
Wyreema State School - Additional classrooms	317	6,120	2,111	**4,008**	
Yarrabilba State School - Additional classrooms	311	21,000		**9,450**	11,550
Yeppoon State High School - Additional classrooms	308	9,550		**3,740**	5,811
Yeppoon State School - Refurbish STEM space	308	850		**850**	
Yeronga State High School - Upgrades and enhancement works	303	1,820	393	**1,427**	
Yeronga State School - Additional classrooms	303	8,600		**3,870**	4,730
Total Property, Plant and Equipment				**1,780,367**	
Capital Grants					
Administered funding to non-state schools	Various			**100,807**	Ongoing
Hydrogen Training Centre of Excellence	311	20,000		**18,000**	2,000
Minjerribah Ganaba (Centre for Learning)	314	5,426	1,737	**3,689**	
Renewable Energy Training Facility - Electro Group Training	302	17,000		**14,000**	3,000
St Joseph's Primary School in Bardon - New playground and tennis court resurfacing	305	156		**156**	
Total Capital Grants				**136,652**	
TOTAL EDUCATION AND TRAINING				**1,917,019**	

3.5 Energy

In 2020-21, $2.235 billion is allocated to the energy capital program for capital purchases.

ENERGY

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Property, Plant and Equipment					
132kV double circuit feeder Palmwoods - West Maroochydore	316	87,799	85,147	**2,641**	11
Advanced Energy Management System	302	34,788		**18,622**	16,166
Network augmentation - Brisbane	Various	401,364	182,836	**39,824**	178,704
Network augmentation - Gold Coast	309	175,199	69,800	**19,208**	86,192
Network augmentation - Ipswich	310	71,580	31,396	**7,323**	32,861
Network augmentation - Sunshine Coast	316	201,528	81,437	**21,885**	98,207
Barron Gorge Hydro other projects	306	6,837	434	**2,467**	3,936
Bouldercombe primary plant replacement	308	35,893	12,585	**4,083**	19,225
Cairns operational depot development	306	14,000		**14,000**	
Callide A / Calvale 132kV network reinvestment	308	23,768	17,337	**6,265**	167
Callide Power Station enhancements, overhauls and refurbishment	308	509,112	200,977	**88,145**	219,990
Calvale and Callide B Substation secondary systems replacement	308	23,227	17,839	**1,270**	4,118
Charters Towers Substation upgrade	318	3,590	2,298	**1,079**	214
Chermside Substation upgrade	302	5,996	631	**2,401**	2,964
Clayfield Substation upgrade	305	9,697	8,914	**783**	
Collinsville to Proserpine transmission line refit	312	44,048	39,671	**4,369**	9

ENERGY

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Network connections - Brisbane	Various	360,210	126,877	**43,589**	189,744
Network connections - Gold Coast	309	78,293	23,792	**10,181**	44,320
Network connections - Ipswich	310	38,603	11,486	**5,066**	22,052
Network connections - Sunshine Coast	316	108,487	34,705	**13,783**	59,999
Corporate - other projects - CleanCo Queensland Limited	305	45,898	9,278	**18,274**	18,347
Customer initiated works - Gold Coast	309	103,589	37,548	**12,894**	53,148
Customer initiated works - Wide Bay/Burnett	319	32,317	15,332	**3,316**	13,668
Customer initiated works - Brisbane	Various	352,599	126,404	**44,162**	182,034
Customer initiated works - Ipswich	310	51,427	19,008	**6,329**	26,090
Customer initiated works - Sunshine Coast	316	83,205	33,112	**9,780**	40,313
Digital office capital expenditure - Energy Queensland	305	866,442	316,711	**238,600**	311,131
Dysart Substation upgrade	312	12,195	10,785	**1,393**	17
Ergon Energy Retail capital expenditure	305	88,776	38,695	**4,054**	36,027
Gas development	307	101,411		**11,411**	90,000
Gin Gin Substation rebuild	319	31,351	23,861	**6,353**	1,137
Glenore Grove Substation upgrade	304	7,921	1,710	**4,746**	1,465
Gracemere Substation	308	10,686	3,792	**5,475**	1,420
Greenslopes depot	305	20,682		**20,682**	
Howard Substation refurbishment	319	11,226	6,831	**2,425**	1,970
Information communications and technology - Five Minute Settlement	Various	18,729	5,827	**8,022**	4,880

ENERGY

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Information communications and technology hardware and software upgrades - Stanwell Corporation Limited	305	95,409	27,518	**12,479**	55,412
Infrastructure Services Build, Own, Operate and Maintain	Various	196,370	30,196	**46,633**	119,542
Isolated systems augmentation and upgrades	315	1,099	972	**128**	
Karara Wind Farm	307	250,022	1,000	**42,261**	206,761
Kareeya Hydro bridge upgrade	306	2,445	129	**2,316**	
Kareeya Hydro other projects	306	14,142	1,848	**2,655**	9,640
Kilcoy Substation upgrade	313	15,197	3,140	**3,100**	8,956
Kogan Creek Mine developments and refurbishment	307	32,535	19,001	**1,781**	11,754
Kogan Creek Power Station enhancements, overhauls and refurbishment	307	190,118	126,467	**11,546**	52,105
Koombooloomba Hydro other projects	306	1,354	363	**232**	758
Low Voltage Small Copper Replacement - Stage 2 and 3	Various	485,197	43,990	**81,963**	359,244
M028 Childers - Gayndah - aged line rebuild	319	54,697	336	**5,273**	49,088
Mackay Substation replacement	312	30,080	28,068	**210**	1,802
Mackay Tennyson Street Substation upgrade	312	20,438	16,812	**3,323**	302
Meandu Mine - Development program	319	58,529	10,295	**4,499**	43,735
Meandu Mine - Fleet Ancillary Equipment Program	319	10,448	704	**290**	9,453
Meandu Mine - Minor works	319	84,491	23,785	**21,306**	39,400
Meandu Mine - Overhauls	319	28,059	5,723	**15,753**	6,583

ENERGY

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Meeandah - Whinstanes underground feeder	307	4,042	1,376	**2,652**	15
Metering Dynamics	305	333,821	162,313	**48,130**	123,379
Mine - Dozer Replacement Program	319	28,920	6	**3,777**	25,137
Mount Crosby Substation	310	17,525	4,411	**297**	12,817
Nebo Substation primary plant replacement	312	21,255	15,387	**1,628**	4,241
Nebo Substation secondary systems replacement	312	20,126	14,874	**1,493**	3,758
Other capital projects	Various	5,563	1,720	**2,415**	1,428
Other isolated capital work	315	155,511	58,940	**27,008**	69,562
Other regulated customer initiated capital work (Alternative Control Services) - Ergon Energy	Various	579,913	258,336	**62,784**	258,794
Other regulated customer initiated capital work (Standard Control Services) - Ergon Energy	Various	532,431	206,013	**60,978**	265,440
Other regulated network initiated capital work - Ergon Energy - augmentation	Various	532,717	142,344	**71,141**	319,232
Other regulated network initiated capital work - Ergon Energy - replacements	Various	2,376,326	951,194	**264,748**	1,160,384
Property - minor program for 2020-21 - Ergon funded	Various	114,736		**21,770**	92,967
Property and buildings program for 2020-21 - Energex funded	Various	34,810		**6,605**	28,206
Redcliffe Substation upgrade	313	8,460	5,256	**2,590**	614
Network replacement - Brisbane	Various	952,691	310,661	**119,270**	522,760
Network replacement - Gold Coast	309	207,940	70,211	**25,586**	112,143
Network replacement - Ipswich	310	115,746	37,157	**14,599**	63,989
Network replacement - Sunshine Coast	316	256,954	93,265	**30,409**	133,281

ENERGY

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Network replacement - Wide Bay Burnett	319	23,165	8,855	**2,658**	11,652
Richlands Substation upgrade	310	6,440	2,833	**2,135**	1,472
Rockhampton operational technology hosting facility	308	5,724		**5,724**	
Ross 275kV primary plant replacement	318	21,551		**2,221**	19,329
Stanwell Power Station - Ash Storage Plan	308	13,700	1,205	**5,497**	6,997
Stanwell Power Station - Other Sustaining Projects	308	134,068	44,314	**15,700**	74,054
Stanwell Power Station Control System Upgrade	308	61,761	60,687	**1,036**	37
Stanwell Power Station Overhauls	308	309,699	102,568	**43,302**	163,829
Surfers Paradise Substation upgrade	309	7,776	1,247	**760**	5,768
Swanbank E other projects	310	92,467	4,091	**7,143**	81,233
Tarong North - Transformer replacement	319	7,472		**7,472**	
Tarong Power Station - Ash Off Take Project	319	17,222	5,383	**11,839**	
Tarong Power Station - Low temperature reheater replacement	319	10,397		**100**	10,297
Tarong Power Station - Other sustaining projects	319	161,337	44,576	**34,471**	82,291
Tarong Power Station overhauls	319	327,250	98,478	**92,399**	136,373
Tools and equipment - Energex	305	28,636	19,635	**1,607**	7,393
Tools and equipment - Ergon Energy	Various	49,575	18,033	**5,631**	25,911
Total non-prescribed transmission network connections	Various			**32,065**	Ongoing
Total other projects - Powerlink Queensland	Various			**133,720**	Ongoing

ENERGY

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Upgrade of corporate information systems to support the business - CS Energy Limited	305	52,755	19,359	**8,130**	25,266
Vehicles - Energex	305	195,702	85,310	**23,656**	86,737
Vehicles - Ergon Energy	306	253,588	74,181	**38,444**	140,963
Wivenhoe Major overhaul	310	51,877	1,006	**1,979**	48,892
Wivenhoe other projects	310	20,741	1,886	**4,256**	14,599
Yarranlea Substation upgrade	307	8,103	6,314	**1,341**	447
Yurika digital platform	305	65,795	19,470	**13,000**	33,325
Total Property, Plant and Equipment				**2,234,817**	
TOTAL ENERGY				**2,234,817**	

3.6 Health

In 2020-21, $1.625 billion is allocated to the health capital program for capital purchases.

HEALTH

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Property, Plant and Equipment					
Advancing Queensland Health Infrastructure Program	Various	240,000	52,299	**50,781**	136,920
Alcohol and Other Drug Community Treatment Program	Various	36,000		**300**	35,700
Building Better Hospitals - Caboolture Hospital redevelopment Stage 1	313	352,900	19,076	**67,750**	266,074
Building Better Hospitals - Ipswich Hospital expansion Stage 1A	310	146,300	12,308	**37,993**	95,999
Building Better Hospitals - Logan Hospital expansion	311	460,871	12,024	**20,000**	428,847
Building Better Hospitals - Logan Hospital maternity services upgrade	311	15,600	354	**5,119**	10,127
Blackall Hospital soil contamination	315	121		**121**	
Bundaberg Alcohol and Other Drug Facility	319	15,000		**150**	14,850
Caboolture Hospital multi-storey car park	313	46,610	1,156	**5,749**	39,705
Cairns and Hinterland - Health technology equipment	306			**6,972**	Ongoing
Cairns and Hinterland - Minor capital projects and acquisitions	306			**3,657**	Ongoing
Cairns Hospital emergency department expansion	306	30,000	443	**6,557**	23,000
Cairns Hospital Research, Education and Innovation Centre land acquisition	306	15,000		**15,000**	
Cairns Hybrid Theatre	306	4,531	215	**1,364**	2,952
Caloundra South new ambulance station	316	5,500		**300**	5,200
Central Queensland - Health technology equipment	308			**2,281**	Ongoing

HEALTH

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Central Queensland - Minor capital projects and acquisitions	308			**4,197**	Ongoing
Central West - Health technology equipment	315			**746**	Ongoing
Central West - Minor Capital Projects and Acquisitions	315			**821**	Ongoing
Children's Health Queensland - Capital projects	305	595		**595**	
Children's Health Queensland - Health technology equipment	305			**2,315**	Ongoing
Children's Health Queensland - Minor Capital Projects and Acquisitions	305			**1,129**	Ongoing
Community health and hospitals	Various	127,430	166	**37,842**	89,422
Dakabin Family and Community Place	314	8,056		**1,000**	7,056
Darling Downs - Capital projects	Various	3,529	1,737	**1,792**	
Darling Downs - Health technology equipment	Various			**4,323**	Ongoing
Darling Downs - Kingaroy redevelopment	319	14,000		**8,400**	5,600
Darling Downs - Minor capital projects and acquisitions	Various			**5,119**	Ongoing
Enhancing Regional Hospitals Program - Gladstone Hospital Emergency Department	308	38,000	34,315	**1,256**	2,429
Enhancing Regional Hospitals Program - Roma Hospital redevelopment	307	116,598	97,491	**11,577**	7,530
Fraser Coast Mental Health Project	319	39,610	1,111	**7,534**	30,965
Gold Coast - Health technology equipment	309			**7,047**	Ongoing
Gold Coast - Minor capital projects and acquisitions	309			**4,814**	Ongoing
Gold Coast Secure Mental Health Rehabilitation Unit	309	105,544	595	**292**	104,657

HEALTH

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Ipswich Hospital upgrades	310	22,000		**2,500**	19,500
Kirwan Health Campus	318	40,000		**500**	39,500
Logan Hospital multi-storey carpark	311	61,920	1,608	**20,886**	39,426
Mackay - Health technology equipment	312			**1,740**	Ongoing
Mackay - Minor capital projects and acquisitions	312			**1,804**	Ongoing
Mackay - Proserpine Hospital Acute Primary Care Clinic refurbishment	312	100		**100**	
Mackay Community Mental Health refurbishment	312	6,000		**500**	5,500
Mareeba Hospital new CT scanner	306	5,000	1,172	**1,557**	2,271
Mater Gladstone	308	16,900		**16,900**	
Metro North - Acute bed capacity at Redcliffe Hospital	313	8,433	8,325	**108**	
Metro North - Caboolture Hospital Mental Health Short Stay Unit	313	5,400	4,776	**448**	176
Metro North - Consumables and Prosthetics Tracking and Revenue business case	305	3,472		**1,900**	1,572
Metro North - Health technology equipment	305			**15,932**	Ongoing
Metro North - Herston Bio- Fabrication Institute	305	9,013	7,324	**1,689**	
Metro North - Information communication technology	305	80,493	73,627	**6,866**	
Metro North - Mental Health Nundah New Step Up/Step Down Facility	302	4,853	4,803	**50**	
Metro North - Minor capital projects and acquisitions	305			**19,482**	Ongoing
Metro North - Nuclear Medicine Hot-Laboratory expansions	305	5,882	5,751	**131**	
Metro North - Redcliffe Hospital Day Procedure Unit	313	2,679	2,619	**60**	

HEALTH

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Metro North - Redcliffe Operating Theatre Level 2	313	6,212	4,706	**1,506**	
Metro North - Royal Brisbane and Women's Hospital Health Support Queensland relocations	305	4,640	4,613	**27**	
Metro North - Royal Brisbane and Women's Hospital Queensland Sony You Can Centre	305	1,677	1,590	**87**	
Metro North - Surgical, Treatment and Rehabilitation Service	305	33,925	22,501	**11,424**	
Metro North - Surgical, Treatment and Rehabilitation Service - Furniture, fittings and equipment	305	15,675	467	**15,208**	
Metro North - Surgical, Treatment and Rehabilitation Service - Information communication technology equipment	305	25,212	6,272	**18,940**	
Metro North - Surgical, Treatment and Rehabilitation Service - Lease[1]	305	532,140		**532,140**	
Metro South - Capital projects	303	20,745	20,537	**208**	
Metro South - Health technology equipment	303			**15,546**	Ongoing
Metro South - Logan Hospital maternity access road	311	3,048	181	**270**	2,597
Metro South - Logan Hospital modular hospital units	311	8,649	8,535	**114**	
Metro South - Minor capital projects and acquisitions	303			**14,053**	Ongoing
North West - Health technology equipment	315			**1,346**	Ongoing
North West - Minor capital projects and acquisitions	315			**1,083**	Ongoing
Princess Alexandra Hospital Cladding Project	303	45,545	18,206	**10,800**	16,539
Queensland Ambulance Service - Ambulance vehicle purchases	Various			**27,500**	Ongoing

HEALTH

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Queensland Ambulance Service - Cairns Station and Operations Centre expansion and refurbishment	306	10,415	484	**800**	9,131
Queensland Ambulance Service - Drayton New Station and Local Ambulance Service Networks Office	317	3,084	2,928	**156**	
Queensland Ambulance Service - Information systems department	Various			**6,195**	Ongoing
Queensland Ambulance Service - Kirwan replacement ambulance station	318	3,162	1,275	**1,887**	
Queensland Ambulance Service - Mareeba replacement ambulance station	306	2,213	752	**1,461**	
Queensland Ambulance Service - Minor works	Various			**5,000**	Ongoing
Queensland Ambulance Service - Munruben new ambulance station	311	3,590	2,307	**1,283**	
Queensland Ambulance Service - Operational equipment	Various			**4,000**	Ongoing
Queensland Ambulance Service - Ormeau new ambulance station	309	4,500		**225**	4,275
Queensland Ambulance Service - Ripley new ambulance station and Local Ambulance Service Networks Office	310	5,000		**125**	4,875
Queensland Ambulance Service - Rockhampton Ambulance Station and Operations Centre redevelopment	308	7,000	758	**1,300**	4,942
Queensland Ambulance Service - Southport Ambulance and Gold Coast Ops Centre redevelopment	309	10,240	354	**749**	9,137
Queensland Ambulance Service - Strategic land acquisitions	Various			**1,500**	Ongoing

HEALTH

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Queensland Ambulance Service - Urraween new ambulance station	319	3,242	476	**2,766**	
Queensland Ambulance Service - Yarrabilba new ambulance station	311	3,056	2,485	**571**	
QEII hospital ward refurbishment	303	12,100		**12,100**	
Queensland Children's Hospital Level 12 fit out	305	20,000	4,091	**12,390**	3,519
Queensland Children's Hospital Resilience Project	305	8,647	6,399	**892**	1,356
Queensland Health - Health Technology Equipment Replacement Program	Various			**5,657**	Ongoing
Queensland Health AUSLAB Evolution	305	1,583		**1,583**	
Queensland Health AUSLAB Unique Tube Identifier	305	2,624		**2,624**	
Queensland Health Building Works Capital Project Management	Various			**850**	Ongoing
Queensland Health Business Case Program	Various			**20,486**	Ongoing
Queensland Health Cladding Investigation and Remediation Program	Various	27,300	10,615	**2,700**	13,985
Queensland Health COVID capital funding	Various	58,489	39,235	**19,254**	
Queensland Health Energy Efficiency Program	Various	30,000		**20,000**	10,000
Queensland Health information communication and technology	Various			**128,190**	Ongoing
Queensland Health master planning studies	Various			**4,403**	Ongoing
Queensland Health minor capital projects and acquisitions	Various			**28,925**	Ongoing
Queensland Health priority capital program	Various			**80,000**	Ongoing
Queensland Institute of Medical Research Berghofer	305			**5,640**	Ongoing

HEALTH

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Rural and Regional Infrastructure Program - Blackall Hospital redevelopment	315	20,110	9,583	**9,793**	734
Rural and Regional Infrastructure Program - Cairns Hospital mental health unit	306	70,000	3,739	**3,776**	62,485
Rural and Regional Infrastructure Program - Kingaroy Hospital redevelopment	319	78,500	47,327	**14,604**	16,569
Rural and Regional Infrastructure Program - Mer (Murray) Island building replacement	315	7,000	834	**580**	5,586
Rural and Regional Infrastructure Program - Sarina Hospital redevelopment	312	21,500	947	**655**	19,898
Rural and Regional Infrastructure Program - Staff accommodation program	Various	13,150	7,139	**2,075**	3,936
Redcliffe Hospital carpark	313	36,780	16,938	**7,159**	12,683
Redland Hospital carpark	301	34,465	496	**6,900**	27,069
Redland Hospital expansion - Stage 1	301	32,000	1,394	**606**	30,000
Regional eHealth	306	34,950	28,603	**4,192**	2,155
Robina Hospital second CT scanner	309	5,650		**5,650**	
Rockhampton Drug Rehabilitation and Treatment Facility	308	9,500	668	**4,854**	3,978
Rockhampton Hospital Cardiac Hybrid Theatre	308	18,200		**8,200**	10,000
Rockhampton Hospital Mental Health Ward expansion	308	6,000		**150**	5,850
Rural and Regional Renal Program	Various	9,320		**9,320**	
Satellite Hospital Program	Various	265,000		**1,600**	263,400

HEALTH

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
South East Queensland - Adolescent mental health facilities	Various	68,237	55,982	**2,529**	9,726
South West - Health technology equipment	307			**1,253**	Ongoing
South West - Minor capital projects and acquisitions	307			**1,512**	Ongoing
State-wide General Chemistry and Immunoassay Replacement and Automation Project	Various	16,511	465	**8,345**	7,701
Sunshine Coast - Health technology equipment	316			**6,431**	Ongoing
Sunshine Coast - Minor capital projects and acquisitions	316			**7,925**	Ongoing
Sunshine Coast - Sunshine Coast University Hospital Group 4 information communications technology project	316	61,952	53,774	**8,178**	
Sunshine Coast University Hospital	316	1,872,151	1,792,801	**19,094**	60,256
Sunshine Coast University Hospital Patient Access and Coordination Hub	316	5,000		**150**	4,850
Toowoomba Hospital Redevelopment detailed business case	317	10,000	6,781	**1,862**	1,357
Torres and Cape - Health technology equipment	306			**1,761**	Ongoing
Torres and Cape - Minor capital projects and acquisitions	306			**3,886**	Ongoing
Townsville - Health technology equipment	318			**12,100**	Ongoing
Townsville - Minor capital projects and acquisitions	318			**4,769**	Ongoing
Townsville Hospital 1.5 Tesla Magnetic Resonance Imaging (MRI) device	318	3,425	1,509	**1,916**	
Townsville University Hospital Hybrid Theatre	318	17,000		**300**	16,700

HEALTH

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Townsville University Hospital upgrades	318	8,000		**300**	7,700
Varsity Lakes Day Hospital equipment	309	1,000		**1,000**	
West Moreton - Health technology equipment	310			**2,971**	Ongoing
West Moreton - Minor capital projects and acquisitions	310			**3,129**	Ongoing
Wide Bay - Health technology equipment	319			**2,873**	Ongoing
Wide Bay - Minor capital projects and acquisitions	319			**2,702**	Ongoing
Yeronga Child and Youth Community Hub	303	7,835		**7,835**	
Total Property, Plant and Equipment				**1,624,945**	
TOTAL HEALTH				**1,624,945**	

1 Relates to the lease recognition for the Herston Surgical, Treatment and Rehabilitation Service project under the accounting standards and does not reflect a capital purchase.

3.7 Justice and Public Safety

In 2020-21, $590.4 million is allocated to the justice and public safety capital program, including $589.5 million in capital purchases and $897,000 in capital grants.

JUSTICE AND PUBLIC SAFETY

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Property, Plant and Equipment					
Aurukun police facility upgrade	315	6,700	157	**550**	5,993
Beaudesert replacement police facility	311	7,095	561	**4,034**	2,500
Biloela replacement police facility	308	3,500	131	**969**	2,400
Brisbane Correctional Centre laundry	310	3,000	130	**2,870**	
Brisbane Youth Detention Centre - 16 additional beds	310	25,875	24,279	**1,596**	
Building improvements - regional offices - Public Trustee of Queensland	Various	1,680		**1,680**	
Business digital projects - Public Trustee of Queensland	305	1,000		**1,000**	
Caboolture replacement police facility	313	14,412	3,525	**10,170**	717
Cairns police facility upgrade	306	10,412	1,232	**2,090**	7,090
Capricornia Correctional Centre Expansion	308	240,999	192,482	**48,517**	
Charlton replacement regional Queensland Fire and Emergency Services headquarters and new permanent fire and rescue station	317	18,354	2,272	**16,062**	20
Charters Towers replacement composite fire and rescue station	318	2,910	126	**2,614**	170
Closed circuit camera upgrades in various police facilities	Various			**2,623**	Ongoing
Computer and other equipment - Crime and Corruption Commission	305	15,250	5,351	**1,865**	8,034

JUSTICE AND PUBLIC SAFETY

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Computer software - Crime and Corruption Commission	305	4,344	3,189	**1,155**	
Coolum replacement police facility	316	2,700	2,454	**246**	
Courthouses - minor capital works	Various			**13,271**	Ongoing
El Arish replacement auxiliary fire and rescue station	306	1,937	1,833	**104**	
Esk replacement auxiliary fire and rescue station	310	1,674	837	**837**	
Expansion and upgrade of existing audio-visual capacity in the justice system	Various			**9,334**	Ongoing
Fire and rescue appliances	Various			**13,320**	Ongoing
Gracemere replacement auxiliary fire and rescue station	308	2,210	110	**1,604**	496
Information technology - Taskforce Flaxton	Various	2,200	730	**1,470**	
Kilkivan replacement Queensland Fire and Emergency Services complex	319	1,650	1,145	**505**	
Leasehold improvements - Crime and Corruption Commission	Various	170	90	**80**	
Leasehold improvements - Department of Justice and Attorney-General	305			**1,229**	Ongoing
Loganlea replacement permanent fire and rescue station	311	4,000	2	**150**	3,848
Longreach replacement auxiliary fire and rescue station	315	4,430	24	**2,676**	1,730
Maleny replacement Queensland Fire and Emergency Services complex	316	3,900	124	**2,018**	1,758
Maryborough replacement regional Queensland Fire and Emergency Services headquarters and auxiliary fire and rescue station	319	12,100	126	**250**	11,724

JUSTICE AND PUBLIC SAFETY

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Minor capital works - software - Department of Justice and Attorney-General	305			**3,133**	Ongoing
Miscellaneous refurbishment works - Legal Aid Queensland	Various	1,743	323	**220**	1,200
Mossman auxiliary fire and rescue station relocation and upgrade	306	2,001		**51**	1,950
Motor vehicle replacements - Legal Aid Queensland	305	1,024	435	**289**	300
Mount Cotton new fire and rescue station	301	7,200		**3,600**	3,600
Mount Isa QFES complex upgrade	315	3,718	2,454	**1,264**	
Nambour replacement police facility	316	8,300	852	**4,208**	3,240
Other acquisitions of property, plant and equipment - Department of Justice and Attorney-General	Various			**1,149**	Ongoing
Perimeter Security Upgrade Program - Stage 2	Various	76,580	75,049	**1,531**	
Pimpama new permanent fire and rescue station	309	3,908	2,944	**964**	
Pimpama new police facility	309	6,084	73	**1,511**	4,500
Pinkenba replacement Queensland Fire and Emergency Services mechanical workshop	302	9,000	82	**443**	8,475
Plant and equipment upgrades - Public Trustee of Queensland	Various	192		**192**	
Pormpuraaw replacement police facility	315	7,300	428	**4,500**	2,372
Princess Alexandra Hospital secure unit	303	3,000	68	**2,932**	
Prison infrastructure	Various	18,571	13,035	**5,536**	
Public Safety Business Agency information systems development	Various			**300**	Ongoing
Public Safety Business Agency other plant and equipment	305			**524**	Ongoing

JUSTICE AND PUBLIC SAFETY

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Queensland Ambulance Service information systems development	Various			**4,111**	Ongoing
Queensland Fire and Emergency Services information and communications systems and equipment	Various			**9,765**	Ongoing
Queensland Fire and Emergency Services information systems development	Various			**2,600**	Ongoing
Queensland Fire and Emergency Services minor works	Various			**1,760**	Ongoing
Queensland Fire and Emergency Services operational equipment	Various			**5,893**	Ongoing
Queensland Fire and Emergency Services other plant and equipment	Various			**250**	Ongoing
Queensland Fire and Emergency Services Predictive Services, Strategic Capability Enhancement	Various	810		**810**	
Queensland Fire and Emergency Services rural operations land purchases	Various			**200**	Ongoing
Queensland Government Air aircraft maintenance	Various			**10,387**	Ongoing
Queensland Police Service air conditioning plant replacement program	Various			**3,437**	Ongoing
Queensland Police Service Camera Detected Offence Program	Various			**11,365**	Ongoing
Queensland Police Service information and communications technology	Various			**10,842**	Ongoing
Queensland Police Service information systems development	Various	1,000	432	**568**	
Queensland Police Service minor works	Various			**7,404**	Ongoing

JUSTICE AND PUBLIC SAFETY

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Queensland Police Service mobile capability	Various			**2,720**	Ongoing
Queensland Police Service new and replacement vehicles	Various			**39,000**	Ongoing
Queensland Police Service other plant and equipment	Various			**27,113**	Ongoing
Queensland Police Service Public Safety Network	Various			**6,494**	Ongoing
Queensland Police Service vessel management program	Various			**5,143**	Ongoing
Queensland Corrective Services - Other acquisitions of property, plant and equipment	Various			**14,320**	Ongoing
Queensland Courts information systems	305			**955**	Ongoing
Rainbow Beach replacement auxiliary fire and rescue station	319	1,500	54	**1,446**	
Rosewood replacement auxiliary fire and rescue station	310	2,000	12	**588**	1,400
Rural fire appliances	Various			**5,248**	Ongoing
Rural Fire Brigade - Shelter and appliance	Various	500		**500**	
Saibai Island new Community Safety and Security Facility	315	13,066	2,889	**7,177**	3,000
State Emergency Service on-boarding to the Government Wireless Network	Various	500		**500**	
Southern Queensland Correctional Precinct - Stage 2	310	653,978	3,811	**110,202**	539,965
Vehicle replacements - Crime and Corruption Commission	Various	1,483	683	**800**	
Wacol new QPS Counter- Terrorism and Community Safety Training Centre	310	53,000	45,296	**7,554**	150
West End replacement police facility	305	5,000	557	**4,418**	25

JUSTICE AND PUBLIC SAFETY

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
West Moreton Youth Detention Centre - 32 bed construction project	310	150,000	55,211	**78,611**	16,178
West Moreton Youth Detention Centre - Fit out costs	310	2,173		**2,173**	
Woodford Correctional Centre - intercoms	313	13,600	191	**7,809**	5,600
Wooroolin replacement auxiliary fire and rescue station	319	1,583	13	**1,570**	
Yarrabilba new permanent fire and rescue station	311	4,531	81	**2,700**	1,750
Yarraman replacement auxiliary fire and rescue station	307	1,517	860	**657**	
Youth Justice facilities	Various			**9,854**	Ongoing
Youth Justice transition of 17-year olds	Various	26,008	20,643	**5,365**	
Total Property, Plant and Equipment				**589,545**	
Capital Grants					
Rural fire brigades	Various			**185**	Ongoing
State Emergency Service	Various			**712**	Ongoing
Total Capital Grants				**897**	
TOTAL JUSTICE AND PUBLIC SAFETY				**590,442**	

3.8 Social Housing

In 2020-21, $526.2 million is allocated to the social housing capital program, including $411.4 million in capital purchases and $114.8 million in capital grants.

SOCIAL HOUSING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Property Plant and Equipment					
Building boost - Works for Tradies	Various	100,000		**70,000**	30,000
General plant and equipment	Various			**4,868**	Ongoing
Build and refurbish accommodation for children and young people	Various			**25,751**	Ongoing
Build social housing for Aboriginal and Torres Strait Islander people throughout Queensland	Various			**14,128**	Ongoing
Build social housing throughout Queensland	Various			**180,813**	Ongoing
Refurbish social housing for Aboriginal and Torres Strait Islander people throughout Queensland	Various			**35,018**	Ongoing
Refurbish social housing throughout Queensland	Various			**79,000**	Ongoing
Purchase of dwellings for transitional accommodation to facilitate Indigenous home ownership	315			**1,809**	Ongoing
Total Property, Plant and Equipment				**411,387**	
Capital Grants					
Build social housing for Aboriginal and Torres Strait Islander people throughout Queensland	Various			**13,126**	Ongoing
Build social housing throughout Queensland	Various			**69,941**	Ongoing

SOCIAL HOUSING

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Refurbish social housing for Aboriginal and Torres Strait Islander people throughout Queensland	Various			**31,704**	Ongoing
Total Capital Grants				**114,771**	
TOTAL SOCIAL HOUSING				**526,158**	

3.9 Transport

In 2020-21, $6.267 billion is allocated to the transport capital program, including $5.894 billion in capital purchases and $372.5 million in capital grants.

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Property, Plant and Equipment					
Albion Station upgrade	305	17,258	621	**5,902**	10,735
Aramac - Torrens Creek Road, pave and seal[1]	315	20,000		**10,000**	10,000
Auchenflower Station upgrade	305	40,261	6,082	**11,880**	22,300
Bells Creek Arterial, Caloundra Road to Bells Creek Interchange, funding commitment	316	35,000		**6,000**	29,000
Boating Infrastructure Program (Gold Coast Waterways Authority)	309	7,772	490	**2,542**	4,740
Bowen Developmental Road (Collinsville - Belyando Crossing), Rockingham Creek to Mount Coolon, pave and seal[1]	312	28,750	20,744	**7,646**	361
Breakfast Creek Bridge, realign track	305	40,200	1,924	**15,900**	22,376
Bridge Pier protection	Various	3,800	241	**1,000**	2,559
Bruce Highway (Ayr - Townsville), Haughton River Floodplain, construct bridges and approaches[1]	318	514,335	174,895	**93,939**	245,501
Bruce Highway (Ayr - Townsville), Mailman Road - Mackenzie Creek, widen and seal[1]	318	23,400	12,774	**7,513**	3,113
Bruce Highway (Benaraby - Rockhampton), Benaraby to Calliope River, Safety Works[1]	308	40,263	32,443	**5,320**	2,500
Bruce Highway (Benaraby - Rockhampton), Calliope River - Mount Larcom, widen pavement[1]	308	21,000	4,600	**12,300**	4,100
Bruce Highway (Benaraby - Rockhampton), Gentle Annie Road and St Arnauds Creek, widen pavement[2]	308	26,660	5,968	**10,692**	10,000

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Bruce Highway (Bowen - Ayr), Bowen Connection Road to Champion Street intersection, widen pavement[1]	312	22,000	2,307	**2,159**	17,533
Bruce Highway (Brisbane - Gympie), Caboolture - Bribie Island Road interchange to Steve Irwin Way, Interchange upgrade[1]	313	662,500	39,876	**52,263**	570,361
Bruce Highway (Brisbane - Gympie), Deception Bay Road Interchange upgrade[1]	313	163,300	17,033	**33,630**	112,637
Bruce Highway (Brisbane - Gympie), Maroochydore Road Interchange upgrade[1]	316	301,250	66,834	**93,951**	140,465
Bruce Highway (Brisbane - Gympie), Pine River to Dohles Rocks Road Interchange, funding commitment[3]	314	1,098,000	251	**6,929**	1,090,820
Bruce Highway (Cooroy to Curra) Section D, construction[1]	319	1,000,000	5,694	**94,000**	900,306
Bruce Highway (Gympie - Maryborough), Tiaro Bypass, construct two lane bypass[1]	319	107,017	2,428	**2,564**	102,025
Bruce Highway (Innisfail - Cairns), Cairns Southern Access Corridor Stage 3, Edmonton to Gordonvale, duplicate from two to four lanes[1]	306	481,000	73,890	**73,975**	333,135
Bruce Highway (Innisfail - Cairns), Cairns Southern Access Corridor Stage 4, Kate Street to Aumuller Street, widen four to six lanes[1]	306	123,700	58,440	**33,996**	31,264
Bruce Highway (Mackay - Proserpine), Hampden - Kuttabul, widening formation and rehabilitation[1]	312	36,960	6,080	**9,093**	21,787
Bruce Highway (Mackay - Proserpine), Mackay Northern Access, construct additional lanes[1]	312	120,350	20,923	**45,000**	54,427
Bruce Highway (Maryborough - Gin Gin), Apple Tree Creek, improve intersections[1]	319	20,343	1,907	**9,380**	9,057

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Bruce Highway (Maryborough - Gin Gin), Saltwater Creek, upgrade bridges and floodways[1]	319	103,000	9,085	**5,294**	88,621
Bruce Highway (Proserpine - Bowen), Emu Creek to Drays Road, various sections, widen formation[1]	312	38,820	1,919	**7,389**	29,512
Bruce Highway (Rockhampton - St Lawrence), Neilsen Avenue - Plentiful Creek, widen pavement[1]	308	21,250	2,252	**11,998**	7,000
Bruce Highway (Rockhampton - St Lawrence), Terranova Drive, improve intersection[1]	308	36,048	22,413	**13,635**	
Bruce Highway, Caloundra Road - Sunshine Motorway[1]	316	932,215	686,335	**91,000**	154,879
Bundaberg - Gin Gin Road, Burnett River Traffic Bridge rehabilitation	319	28,550	24,948	**1,800**	1,802
Buranda Station upgrade	303	31,630	2,582	**9,149**	19,899
Caboolture - Bribie Island Road (Old Toorbul Point Road), intersection signalisation[1]	313	30,400	1,504	**9,146**	19,750
Cairns Ring Road (Cairns CBD to Smithfield), construct additional lanes[1]	306	359,000	106	**2,895**	355,999
Cairns Southern Access Cycleway, construct cycleway[1]	306	23,800	2,380	**8,004**	13,416
Cannon Hill Station upgrade	303	27,048	3,941	**11,285**	11,822
Capricorn Highway duplication (Rockhampton - Gracemere)[1]	308	74,990	32,916	**25,000**	17,074
Captain Cook Highway (Cairns - Mossman), widen pavement	306	21,667	8,260	**4,605**	8,802
Centenary Motorway (Ellen Grove - Toowong), Centenary Bridge (Stage 1), duplicate bridge[1]	304	244,000	17,069	**16,424**	210,508
Centenary Motorway, Sumners Road Interchange upgrade	304	80,000	39,753	**13,785**	26,462

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Central Station renewal	305	55,679	7,076	**945**	47,658
Clapham Yard Stabling	303	298,940	1,901	**78,840**	219,009
Cleveland - Redland Bay Road (Cleveland), Anita Street, intersection upgrade	301	97,000	1,306	**3,982**	91,713
Cloncurry - Dajarra Road, widen and seal[1]	315	20,000		**10,000**	10,000
Construction plant works (RoadTek)	Various			**17,000**	Ongoing
Coomera Connector (Stage 1), Coomera to Nerang, Queensland Government funding commitment[1]	309	1,530,500	17,613	**12,887**	1,500,000
Corporate buildings - Transport and Main Roads	Various			**8,000**	Ongoing
Cross River Rail	305	6,725,804	2,053,657	**1,483,325**	3,188,822
Cunningham Highway (Ipswich - Warwick), Eight Mile intersection upgrade[1]	307	25,000	217	**6,033**	18,750
Customer Experience - Queensland Rail	Various			**8,936**	Ongoing
Dakabin Station upgrade	314	41,776	9,702	**25,306**	6,769
Darra Station - park 'n' ride[11]	310	8,770	4,201	**2,350**	2,219
East Ipswich Station upgrade	310	37,670	4,054	**17,044**	16,572
Enterprise assets - Queensland Rail	Various			**18,891**	Ongoing
European Train Control System Level 2	305	646,379	125,873	**169,100**	351,406
Everton Park Link Road (Stafford Road - South Pine Road), construct new link road	302	31,000	7,343	**12,257**	11,400
Far North Queensland Ports Corporation Limited - Cairns Shipping Development Project	306	113,420	108,133	**5,287**	
Far North Queensland Ports Corporation Limited - Foreshore development (C5)	306			**1,500**	Ongoing
Far North Queensland Ports Corporation Limited - General cargo consolidation	306			**1,800**	Ongoing

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Far North Queensland Ports Corporation Limited - Horn Island cargo wharf and access road (T5)	315	5,200		**3,500**	1,700
Far North Queensland Ports Corporation Limited - Horn Island passenger jetty and cargo wharf upgrade (T6)	315	4,750		**2,250**	2,500
Far North Queensland Ports Corporation Limited - Lease acquisition	306	1,500		**1,000**	500
Far North Queensland Ports Corporation Limited - Mourilyan land development for bulk cargo	306	3,500		**2,500**	1,000
Far North Queensland Ports Corporation Limited - Mourilyan lease acquisitions	306	1,589	289	**1,000**	300
Far North Queensland Ports Corporation Limited - Plant, equipment and minor works	306			**2,404**	Ongoing
Far North Queensland Ports Corporation Limited - Site decontamination	306	2,758	58	**1,200**	1,500
Far North Queensland Ports Corporation Limited - Tingira Street Subdivision Development (S3)	306			**2,500**	Ongoing
Flinders Highway (Julia Creek - Cloncurry), Scrubby Creek, strengthen pavement and widen floodway[1]	315	32,140	452	**5,088**	26,600
Garbutt - Upper Ross Road (Riverway Drive), Stage 2, Allambie Lane to Dunlop Street, duplicate to four lanes[1]	318	95,000		**500**	94,500
Gateway Motorway, Bracken Ridge to Pine River upgrade[3]	302	1,000,000	245	**2,755**	997,000
Gavial - Gracemere Road (Lawrie Street), widen to four lanes and upgrade intersections	308	35,000		**2,000**	33,000
Geebung Station - park 'n' ride[11]	302	3,100	866	**1,294**	940
Gladstone - Benaraby Road, Philip Street, duplicate lanes[2]	308	20,000	4,036	**12,065**	3,899
Gladstone - Benaraby Road, various safety treatments	308	24,400	19,731	**4,669**	

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Gladstone Ports Corporation Limited - Auckland Point 1 Projects	308			**6,991**	Ongoing
Gladstone Ports Corporation Limited - Auckland Point 3 Projects	308			**1,089**	Ongoing
Gladstone Ports Corporation Limited - Auckland Point 4 Projects	308			**2,973**	Ongoing
Gladstone Ports Corporation Limited - Capacity maximisation	308			**529**	Ongoing
Gladstone Ports Corporation Limited - Conveyor life extension	308			**3,595**	Ongoing
Gladstone Ports Corporation Limited - Environment projects	308			**1,059**	Ongoing
Gladstone Ports Corporation Limited - Fisherman's Landing projects	308			**1,500**	Ongoing
Gladstone Ports Corporation Limited - Information systems projects	308			**20,505**	Ongoing
Gladstone Ports Corporation Limited - Marine pilot services projects	308			**580**	Ongoing
Gladstone Ports Corporation Limited - Plant equipment and minor works	308			**15,406**	Ongoing
Gladstone Ports Corporation Limited - Pontoon Piles replacement	308			**2,050**	Ongoing
Gladstone Ports Corporation Limited - Port Alma Projects	308			**500**	Ongoing
Gladstone Ports Corporation Limited - Port of Bundaberg Conveyor Project[4]	319	10,000		**2,000**	8,000
Gladstone Ports Corporation Limited - Port of Bundaberg Projects	319	2,710	710	**2,000**	
Gladstone Ports Corporation Limited - Port services projects	308			**46,095**	Ongoing
Gladstone Ports Corporation Limited - Process control systems, stockpile management and upgrades	308			**35,910**	Ongoing
Gladstone Ports Corporation Limited - Quarry projects	308			**3,175**	Ongoing

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Gladstone Ports Corporation Limited - Safety projects	308			**7,400**	Ongoing
Gladstone Ports Corporation Limited - SL1 (Ship loader) replacement	308	16,875		**500**	16,375
Gladstone Ports Corporation Limited - Tug Projects	308	100		**100**	
Gold Coast Light Rail (Stage 3A), Broadbeach South to Burleigh Heads, construct light rail[5]	309	709,900	26,793	**50,447**	632,660
Greenbank Bus - park 'n' ride upgrade	311	21,000	5,828	**9,227**	5,945
Information and technology - Queensland Rail	Various			**28,542**	Ongoing
Information technology - Transport and Main Roads	Various			**22,446**	Ongoing
Inner city signalling upgrades	305	56,000		**1,300**	54,700
Ipswich Motorway, Rocklea to Darra Stage 1 upgrade[1]	310	400,000	253,882	**47,426**	98,692
Kennedy Developmental Road (The Lynd - Hughenden), progressive sealing[1]	315	50,000	2,554	**11,386**	36,060
Kennedy Highway (Mareeba - Atherton), targeted road safety improvements[1]	306	37,500		**37,500**	
Lawnton Station - park 'n' ride[11]	314	10,400	3,975	**2,349**	4,076
Lindum Station - park 'n' ride[11]	301	5,000	13	**15**	4,972
Linkfield Road Overpass upgrade[1]	302	125,000	268	**3,732**	121,000
Mackay Port Access, Bruce Highway to Mackay - Slade Point Road, construct new two lane road[1]	312	350,000	870	**1,500**	347,630
Mackay Ring Road, construct new two lane road[1]	312	497,375	326,396	**23,095**	147,884
Maintenance of below rail assets - South East Queensland rail network[6]	Various			**108,712**	Ongoing
Maintenance of above rail assets - Regional network[7]	Various			**45,525**	Ongoing
Maintenance of above rail assets - South East Queensland rail network[7]	Various			**30,015**	Ongoing

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Maintenance of below rail assets - Western Region rail systems[6]	Various			**8,558**	Ongoing
Maintenance of below rail assets - North Coast Line[6]	Various			**32,718**	Ongoing
Maintenance of below rail assets - West Moreton rail system[6]	Various			**47,760**	Ongoing
Maintenance of system wide below rail assets - Queensland Rail network[6]	Various			**28,493**	Ongoing
Maritime safety minor works	Various			**6,823**	Ongoing
Mayne Yard accessibility	305	97,240	7,140	**19,640**	70,460
Mayne Yard relocations	305	22,400	1,700	**5,800**	14,900
Moolabin Power upgrade	303	18,100	1,229	**10,500**	6,371
Morayfield Road and Beerburrum Road, various locations, improve intersections	313	28,800	14,059	**3,191**	11,550
Mount Lindesay Arterial Road (Beaudesert Road) and Illaweena Street, upgrade intersection	303	30,000		**3,000**	27,000
Mount Lindesay Highway (Brisbane - Beaudesert), Rosia Road - Stoney Camp Road, four lane upgrade	311	22,400	11,822	**10,578**	
Mount Lindesay Highway (Brisbane - Beaudesert), Stoney Camp Road to Chambers Flat Road, construct additional lanes[1]	311	75,000	1,829	**8,750**	64,421
Mount Lindesay Highway (Brisbane to Beaudesert), Johanna Street to South Street (Jimboomba), duplication[1]	311	53,000		**2,000**	51,000
Mount Isa Line, capacity and resilience improvements	315	50,000		**10,000**	40,000
Navigation access and safety (Gold Coast Waterways Authority)	309	9,093	2,070	**1,743**	5,280
New Generation Rollingstock	Various	4,155,705	1,456,742	**34,887**	2,664,076
New Generation Rollingstock - European Train Control System fitment	Various	255,000		**98,330**	156,670

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
New Generation Rollingstock - Power distribution	Various	62,191	51,330	**10,861**	
New Public Transport Ticketing System	Various	371,060	158,299	**68,081**	144,680
North Coast Line - Beerburrum to Nambour Rail upgrade[1]	316	550,791	15,366	**38,884**	496,541
North Coast Line capacity improvement project	Various	68,570	33,462	**23,553**	11,554
North Queensland Bulk Ports Corporation Limited - Abbot Point Port Development General	312			**1,825**	Ongoing
North Queensland Bulk Ports Corporation Limited - Business improvement	312			**650**	Ongoing
North Queensland Bulk Ports Corporation Limited - Hay Point Port development general	312			**40**	Ongoing
North Queensland Bulk Ports Corporation Limited - Louisa Creek Acquisition Program	312			**1,052**	Ongoing
North Queensland Bulk Ports Corporation Limited - Mackay Port development general	312			**3,846**	Ongoing
North Queensland Bulk Ports Corporation Limited - Mackay Tug Berth Facilities - Stage 1	312	8,776	276	**8,500**	
North Queensland Bulk Ports Corporation Limited - Mackay water network enhancements	312	2,494	513	**1,481**	500
North Queensland Bulk Ports Corporation Limited - Pilotage upgrade and replacements	312	608	287	**224**	96
North Queensland Bulk Ports Corporation Limited - Plant, equipment and minor works	312			**7,014**	Ongoing
North Queensland Bulk Ports Corporation Limited - Transformer Project enterprise resource planning implementation	312	3,835	1,347	**2,488**	
North Queensland Bulk Ports Corporation Limited - Upgrade of Hay Point Vessel Traffic Services building	312	1,938	17	**1,920**	
North Queensland Bulk Ports Corporation Limited - Weipa Port development general	315			**530**	Ongoing

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
North Queensland Bulk Ports Corporation Limited - Wharf 4 approaches	312	2,368		**1,628**	740
North Queensland Bulk Ports Corporation Limited - Wharf 5 approaches	312	8,460		**160**	8,300
Northern Transitway	302	72,000	4,464	**4,490**	63,047
Other Central Station upgrades	305	8,004	2,804	**3,410**	1,790
Other construction projects - Transport and Main Roads[8]	Various			**1,233,756**	Ongoing
Other enterprise	Various			**15,800**	Ongoing
Other European Train Control System Level 2	305	42,800		**11,000**	31,800
Other network enhancements	Various	33,800		**4,500**	29,300
Other New Generation Rollingstock operational readiness projects	Various	10,115	5,150	**3,756**	1,209
Other rail projects[9]	Various			**17,028**	Ongoing
Other station upgrades	Various			**295**	Ongoing
Pacific Motorway (M1), Daisy Hill to Logan Motorway[10]	311	1,000,000	8,338	**3,862**	987,800
Pacific Motorway (M1), Exit 57 (Oxenford) interchange upgrade	309	25,000	18,847	**6,153**	
Pacific Motorway, Eight Mile Plains - Daisy Hill[1]	311	750,000	81,134	**94,250**	574,616
Pacific Motorway, Exit 41, upgrade interchange[1]	309	82,137	3,976	**10,150**	68,011
Pacific Motorway, Exit 45 north off-ramp, upgrade interchange[1]	309	20,000		**4,500**	15,500
Pacific Motorway, Exit 49, upgrade interchange[1]	309	110,463	824	**5,000**	104,639
Pacific Motorway, Varsity Lakes to Tugun[1]	309	1,000,000	98,540	**145,000**	756,460
Peak Downs Highway (Clermont - Nebo), Wuthung Road to Caval Ridge, pavement widening and strengthening[1]	312	35,000	2,222	**7,761**	25,017
Peninsula Developmental Road (Laura - Coen), Kennedy to Rocky Creek, pave and seal[1]	315	25,879	637	**20,293**	4,949
People experience	Various			**240**	Ongoing

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Plant and equipment - Transport and Main Roads	Various			**11,354**	Ongoing
Plant, equipment and minor works - Gold Coast Waterways Authority	309	7,900	2,555	**2,715**	2,630
Port of Townsville Limited - Berth 4 cranes and cargo terminal area	318	29,960	22,352	**7,608**	
Port of Townsville Limited - Channel Capacity upgrade	318	232,000	38,940	**52,227**	140,833
Port of Townsville Limited - Lucinda Jetty Tourist upgrade	318	1,061		**1,061**	
Port of Townsville Limited - Plant, equipment and minor works	318			**5,358**	Ongoing
Port of Townsville Limited - Road network upgrades	318			**6,495**	Ongoing
Port of Townsville Limited - Wharf facilities upgrades	318			**14,179**	Ongoing
Rail Network Strategy infrastructure preconstruction and property acquisitions	Various	150,000		**2,000**	148,000
Redcliffe Road, Anzac Avenue / Gympie Road / Dayboro Road (Petrie roundabout), improve intersection	314	30,000	10,814	**4,530**	14,656
Rockhampton - Yeppoon Road, Yeppoon Road upgrade[1]	308	80,000		**1,000**	79,000
Rockhampton Northern Access upgrade[1]	308	158,001	104,411	**20,840**	32,750
Rockhampton Ring Road, plan, preserve and construct[1]	308	1,065,000	28,752	**34,299**	1,001,949
Rollingstock Expansion Program	Various	600,000		**35,000**	565,000
Salisbury Station - park 'n' ride[11]	303	14,500	5,121	**1,913**	7,466
Smithfield Bypass, construct bypass to a sealed standard	306	164,000	70,502	**42,381**	51,117
South Bank Station upgrade	305	11,661	2,256	**6,317**	3,089
Spit Masterplan infrastructure	309	21,512	570	**8,865**	12,077
Springfield Station - park 'n' ride[11]	310	44,500	2,667	**17,568**	24,265
Station Upgrades Fairfield to Salisbury	303	57,100	2,807	**10,100**	44,193
Third Track between Roma Street and Exhibition Station	305	5,500	385	**800**	4,315

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Torbanlea - Pialba Road, various locations, upgrade intersections and floodways[1]	319	30,000	636	**1,294**	28,070
Townsville - Mount Isa Rail Line	315			**12,482**	Ongoing
Townsville Northern Access Intersections upgrade[1]	318	99,768	4,287	**5,000**	90,481
Townsville Ring Road (Stage 5)[1]	318	230,000	6,191	**20,000**	203,809
Transport corridor acquisition fund	Various			**70,158**	Ongoing
Varsity Lakes - park 'n' ride[11]	309	5,200		**4,600**	600
Virginia Station - park 'n' ride[11]	302	2,300	658	**890**	752
Walkerston Bypass[1]	312	150,000	14,100	**12,177**	123,723
Total Property, Plant and Equipment				**5,894,322**	
Capital Grants					
Black Spot Program[2]	Various			**20,548**	Ongoing
Bridges Renewal Program[2]	Various			**16,307**	Ongoing
Bus Stop Shelter Program	Various	20,000	7,245	**4,991**	7,764
Cross River Rail - Third party returnable works	305	162,196	49,658	**30,871**	81,667
Cycling Grants Program	Various			**19,404**	Ongoing
Eastern Transitway	303	30,000	3,329	**5,171**	21,500
Heavy Vehicle Safety and Productivity[2]	Various			**4,508**	Ongoing
Other capital grants - Transport and Main Roads[8]	Various			**151,783**	Ongoing
Other passenger transport grants	Various			**7,232**	Ongoing
Passenger Transport Accessible Infrastructure Program	Various			**4,837**	Ongoing
Queensland School Bus Upgrade Program	Various			**17,149**	Ongoing
School Transport Infrastructure Program	Various			**8,768**	Ongoing
Transport Infrastructure Development Scheme	Various			**70,000**	Ongoing
Wheelchair Accessible Taxi Sustainability Program	Various	20,890	4,567	**5,651**	10,672

TRANSPORT

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Yarrabah Jetty, design and construct	306	11,510	1,512	**5,262**	4,736
Total Capital Grants				**372,482**	
TOTAL TRANSPORT				**6,266,804**	

1 Jointly funded by the Queensland and Australian Governments.
2 Funded by the Australian Government.
3 This jointly funded commitment covers a program of works encompassing the Gateway Motorway (between Bracken Ridge and the Pine River) and the Bruce Highway (between the Gateway Motorway and Dohles Rocks Road interchange, including Dohles Rocks Road north-facing ramps). The program also includes planning for the Gympie Arterial Road (between Strathpine Road and Gateway Motorway) and a new road along the North South Urban Arterial (NSUA) corridor (between Dohles Rocks Road and Anzac Avenue).
4 The Port of Bundaberg Conveyor Project cost and timing is a point in time estimate to reflect the Project Agreement and is subject to ongoing negotiations with the Australian Government.
5 Jointly funded by the Queensland and Australian Governments and City of Gold Coast.
6 Below rail includes track infrastructure.
7 Above rail includes stations, platforms and rollingstock.
8 Further detail available in the Queensland Transport and Roads Investment Program. Budget includes Australian Government contributions.
9 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.
10 Jointly funded by the Queensland and Australian Governments, with project details and timing subject to further planning.
11 Jointly delivered by Queensland Rail and the Department of Transport and Main Roads.

3.10 Water

In 2020-21, $510.2 million is allocated to the water capital program, including $474 million in capital purchases and $36.2 million in capital grants.

WATER

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Property Plant and Equipment					
Awoonga Dam conduit inspection	308	1,227		**1,227**	
Awoonga Dam emergency muster shelter	308	1,599	137	**1,462**	
Awoonga Dam Hatchery	308	5,772	2,400	**3,372**	
Boyne Island Reservoir access and roof replacement	308	600		**600**	
Burdekin Falls Dam improvement and raising - planning works	318	29,564	17,987	**11,578**	
Burdekin groundwater management - planning works	318	1,857		**1,857**	
Chlorine dose equipment upgrade	315	1,176	403	**520**	252
Coolmunda Dam improvement project - planning works	307	6,383	559	**1,701**	4,123
Digital enterprise business systems - non-infrastructure - Sunwater	Various	52,451	17,426	**14,855**	20,170
East End Pipe replacement	308	3,137		**177**	2,960
Ewen Maddock Dam safety upgrade - Stage 2	316	24,500	5,841	**11,250**	7,409
Gladstone Area Water Board - Other projects	308	28,788	9,375	**10,311**	9,102
Gladstone Water Treatment Plant - Filters 1-8 replacement	308	1,584		**1,584**	
Gladstone Water Treatment Plant - Plant 2 switchboard replacement	308	594		**594**	

WATER

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Gold Coast Desalination Plant reverse osmosis membrane replacement	309	16,086		**2,841**	13,245
Goonyella Pump Station - planning works	319	2,013		**2,013**	
Information and communication technology capital program - Seqwater	310			**3,633**	Ongoing
Kirkwood Pump Station	308	5,011	686	**4,325**	
Lake Macdonald Dam safety upgrade	316	127,278	16,824	**24,850**	85,604
Lake Moondarra Deep Well Pump Station pumps renewal	315	1,190	19	**587**	584
Mareeba-Dimbulah Water Supply Scheme efficiency improvement project	315	27,739	11,509	**13,324**	2,906
Mount Crosby East Bank Water Treatment Plant filtration upgrade	310	34,948	14,897	**8,344**	11,708
Mount Isa City Council supply - diesel backup	315	1,302	969	**300**	33
Mount Isa Water Board - Asset renewals	315			**611**	Ongoing
Mount Isa Water Board - Plant and equipment	315			**75**	Ongoing
Mount Isa Water Board - Asset enhancements	315			**1,038**	Ongoing
Mount Crosby East Bank substation and enabling works	310	35,600		**4,909**	30,691
Mount Crosby Weir Bridge structure upgrade	310	22,660		**567**	22,093
Non-infrastructure - other capital - Sunwater	Various			**4,816**	Ongoing
Non-infrastructure capital works - Seqwater	Various			**3,629**	Ongoing
Non-routine capital works - bulk water - Sunwater	Various			**5,522**	Ongoing
Non-routine capital works - industrial pipelines - Sunwater	Various			**478**	Ongoing

WATER

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Non-routine capital works - irrigation systems - Sunwater	Various			**2,235**	Ongoing
Other infrastructure capital works - Seqwater	Various			**93,062**	Ongoing
Paradise Dam essential works	319	100,000	16,505	**77,200**	6,295
Paradise Dam improvement project (planning works)	319	30,556	10,461	**12,404**	7,691
Power reliability Hilton-Lake Julius	315			**1,700**	Ongoing
Right of use leased assets - Sunwater	Various	12,010		**4,257**	7,753
Rookwood Weir – capital expenditure[1]	308	332,861	56,661	**115,000**	161,200
Somerset Dam safety upgrade - planning costs	310	16,283	5,253	**11,030**	
South Gladstone Pipeline replacement - Stage 3	308	2,138	1,828	**310**	
South Trees corrosion protection - Stage 6	308	811	73	**738**	
South West Pipeline	311	95,200	6,534	**11,496**	77,170
Teemburra Dam improvement project - planning works	312	9,975	1,014	**1,605**	7,357
Total Property, Plant and Equipment				**473,987**	
Capital Grants					
Ayr water supply - infrastructure project - Stage 2	318	10,000	3,000	**6,000**	1,000
Cherbourg town water reservoir replacement	319	4,010		**675**	3,335
Emu Swamp Dam Project	307	42,000		**21,000**	21,000
Haughton Pipeline - Stage 2	318	195,000		**7,500**	187,500
Kickstart Mossman Gorge	315	4,818	4,586	**232**	
Warwick Recycled Water for Agriculture Project	307	790		**790**	

WATER

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2020-21 $'000**	Post 2020-21 $'000
Total Capital Grants				**36,197**	
TOTAL WATER				**510,185**	

1 This is the capital component of the project, the total project value is $352.2 million.

Appendices

Appendix A: Entities included in capital outlays 2020-21

Agriculture and Fisheries

- Department of Agriculture and Fisheries
- Queensland Racing Integrity Commission

Children, Youth Justice and Multicultural Affairs

- Department of Children, Youth Justice and Multicultural Affairs

Communities, Housing and Digital Economy

- Department of Communities, Housing and Digital Economy
- CITEC
- Library Board of Queensland
- Residential Tenancies Authority
- Queensland Art Gallery
- Queensland Museum
- Queensland Performing Arts Trust
- Queensland Shared Services

Education

- Department of Education
- Queensland Curriculum and Assessment Authority

Employment, Small Business and Training

- Department of Employment, Small Business and Training
- TAFE Queensland

Energy and Public Works

- Department of Energy and Public Works
- Queensland Building and Construction Commission
- CleanCo Queensland Limited
- CS Energy Limited
- Energy Queensland
- Powerlink Queensland
- Stanwell Corporation Limited

Environment and Science

- Department of Environment and Science

Justice and Attorney-General

- Department of Justice and Attorney-General
- Electoral Commission of Queensland
- Public Trustee of Queensland
- Legal Aid Queensland
- Crime and Corruption Commission

Legislative Assembly of Queensland

Public Safety Business Agency

Premier and Cabinet

- Department of the Premier and Cabinet

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 Ambulance Service

Queensland Police Service

Queensland Treasury

Regional Development, Manufacturing and Water

- Gladstone Area Water Board
- Mount Isa Water Board
- Seqwater
- Sunwater Limited

Resources

- Department of Resources

Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships

- Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships

State Development, Infrastructure, Local Government and Planning

- Department of State Development, Infrastructure, Local Government and Planning

- Economic Development Queensland
- Queensland Reconstruction Authority
- South Bank Corporation

Tourism, Innovation and Sport

- Department of Tourism, Innovation and Sport
- Stadiums Queensland

Transport and Main Roads

- Department of Transport and Main Roads
- Cross River Rail Delivery Authority
- Far North Queensland Ports Corporation
- Gladstone Ports Corporation
- Gold Coast Waterways Authority
- North Queensland Bulk Ports Corporation
- Port of Townsville Limited
- Queensland Rail 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
- **right of use assets** – property, plant and equipment to which government agencies have a right to use through lease or similar arrangements
- **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 $14.835 billion capital works program in 2020-21 is estimated to directly support more than 46,000 jobs, equating to around 40,200 full-time equivalent jobs. The estimate of jobs supported by the Government's capital works program in 2020-21 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 infrastructure class by statistical region 2020-21

Infrastructure Class[1]	Brisbane and Redlands East $'000	North $'000	South $'000	West $'000	Inner City $'000	Sub total $'000
Arts, culture, sport and recreation	4,497	1,778	55,378	4,733	102,434	168,819
Cross-government	6,528	19,444	15,926	5,447	63,345	15,349
Digital	815	765	1,273	655	6,863	10,371
Education and training	54,079	53,044	134,302	65,027	200,429	506,882
Energy	27,679	52,954	55,912	33,122	404,792	574,459
Health	27,741	19,595	88,302	16,732	624,811	777,182
Justice and public safety	13,227	8,603	17,637	6,733	24,127	70,326
Social housing	10,420	9,781	16,808	5,565	27,462	70,035
Transport	57,759	78,833	189,815	74,630	1,660,186	2,061,223
Water	11,906	11,176	18,602	10,328	15,561	67,573
Anticipated contingency reserve and other adjustments[2]	—	—	—	—	—	—
Funds allocated	214,651	255,973	593,955	222,973	3,130,009	4,417,560

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. The anticipated contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

Infrastructure Class[1]	Ipswich $'000	Wide Bay $'000	DD Maranoa $'000	Darling Downs Toowoomba $'000	Sub total $'000	Gold Coast $'000
Arts, culture, sport and recreation	1,901	6,844	1,315	718	2,034	24,049
Cross-government	27,372	5,350	11,348	8,673	20,021	16,028
Digital	1,227	1,014	436	537	973	2,154
Education and training	102,304	68,966	23,702	47,231	70,933	204,506
Energy	78,018	310,960	119,843	59,898	179,741	120,729
Health	74,392	61,865	24,349	15,572	39,921	73,268
Justice and public safety	210,343	18,415	6,103	22,336	28,438	25,665
Social housing	15,691	32,098	5,573	12,416	17,989	67,295
Transport	163,562	228,169	116,899	91,492	208,390	394,813
Water	29,772	86,126	2,315	921	3,237	34,088
Anticipated contingency reserve and other adjustments[2]	—	—	—	—	—	—
Funds allocated	704,582	819,807	311,883	259,794	571,677	962,595

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. The anticipated contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

Infrastructure Class[1]	Logan – Beaudesert $'000	Mackay - Whitsunday $'000	Outback and Far North Queensland: Outback $'000	Cairns $'000	Sub total $'000	Central Queensland $'000
Arts, culture, sport and recreation	5,114	4,826	8,111	86,756	94,866	5,791
Cross-government	5,610	5,875	10,244	15,349	25,593	10,517
Digital	1,183	586	280	860	1,139	768
Education and training	148,301	41,310	20,807	81,736	102,542	53,877
Energy	19,812	76,832	53,411	151,321	204,732	261,191
Health	74,661	19,393	20,489	68,927	89,415	55,677
Justice and public safety	18,503	6,400	18,349	15,822	34,170	56,523
Social housing	32,927	7,491	8,750	39,265	48,015	13,734
Transport	241,639	253,357	277,045	288,448	565,493	414,354
Water	12,619	2,484	17,202	1,476	18,678	129,990
Anticipated contingency reserve and other adjustments[2]	—	—	—	—	—	—
Funds allocated	560,370	418,553	434,685	749,958	1,184,644	1,002,422

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. The anticipated contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

Infrastructure Class[1]	Sunshine Coast and Moreton Bay: Sunshine Coast $'000	Moreton Bay North $'000	Moreton Bay South $'000	Sub total $'000	Townsville $'000	Totals[1] $'000
Arts, culture, sport and recreation	11,011	3,526	2,610	17,147	9,871	341,263
Cross-government	14,126	7,248	5,799	27,172	15,524	269,751
Digital	1,301	868	742	2,911	803	23,130
Education and training	157,961	71,880	67,773	297,613	42,584	1,639,819
Energy	107,048	19,778	12,429	139,255	92,663	2,058,392
Health	72,013	98,423	19,884	190,319	40,573	1,496,666
Justice and public safety	24,339	25,607	7,736	57,682	16,538	543,004
Social housing	17,178	23,800	6,306	47,284	26,352	378,911
Transport	304,398	174,782	111,674	590,854	307,152	5,429,004
Water	35,485	1,490	1,274	38,249	13,753	436,568
Anticipated contingency reserve and other adjustments[2]	—	—	—	—	—	—
Funds allocated	744,861	427,399	236,227	1,408,487	565,811	12,616,508

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. The anticipated contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

Queensland Budget 2020–21 **Capital Statement Budget Paper No.3**

Queensland Budget 2020–21

Capital Statement Budget Paper No.3

budget.qld.gov.au

EXHIBIT (c)(xii)

Government of Queensland’s Consolidated Financial Statements for the Year Ended June 30, 2020

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, as well as the effect of ongoing economic, banking and sovereign debt risk;
- the effect of the ongoing novel coronavirus (COVID-19) pandemic;
- 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.

2019–20
Report on State Finances
of the Queensland Government – 30 June 2020

Incorporating the Outcomes Report and
the AASB 1049 Financial Statements

Queensland
Government

Contents

Message from the Treasurer

I present Queensland's 2019-20 Report on State Finances which includes the Outcomes Report and AASB 1049 Financial Statements.

The Queensland Government's strong economic and fiscal position enabled it to respond swiftly to the global COVID-19 pandemic with the Government providing immediate stimulus to boost health system capacity and to support Queensland businesses, industry, communities and households and move towards a longer-term recovery plan.

The downturn in revenues and the Government's increased expenditure in response to the pandemic has resulted in an operating deficit of $5.734 billion for 2019-20. Consistent with the impact of lower revenues and the support measures taken by the Government including maintaining the capital program, borrowings have increased.

The Outcomes Report

The Outcomes Report contains financial statements that are presented in accordance with the Uniform Presentation Framework (UPF) which provides comparable reporting of Commonwealth, State and Territory Governments' financial information.

Queensland's 2019-20 Budget was prepared in accordance with the UPF, The Outcomes Report compares the 2019-20 actual results with the COVID-19 Fiscal and Economic Review. The 2019-20 Mid-Year Fiscal and Economic Review (MYFER) included for context.

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

AASB 1049 Financial Statements

The AASB 1049 Financial Statements outline the operations of the Queensland Government in accordance with Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and other applicable standards and are audited.

These statements focus on the General Government Sector (GGS) and Total State Sector (TSS) and include detailed notes.

The statements include comparatives for the 2018-19 year, and there is also analysis of variances between original 2019-20 Budget and actuals.

AASB 1049 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.

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 Cameron Dick MP
Treasurer
Minister for Investment

Related Publications

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

- the 2019-20 Budget papers;
- Budget updates including the COVID-19 Fiscal and Economic Review and 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.

2019–20
Outcomes Report

Uniform Presentation Framework of the
Queensland Government – 30 June 2020

Queensland
Government

Outcomes Report - Overview and Analysis

Overview

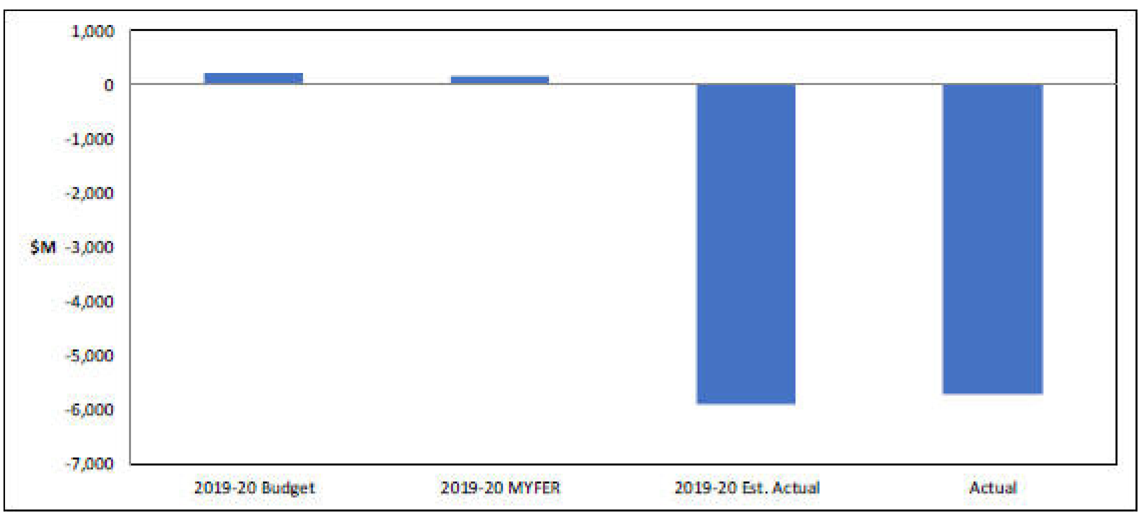
The General Government Sector (GGS) realised a Uniform Presentation Format (UPF) net operating deficit of $5.734 billion for 2019-20. The net operating balance is a small improvement over the COVID-19 Fiscal and Economic Review (C19-FER) estimated deficit of $5.898 billion reflecting slightly higher revenue and lower expenses.

The deterioration in the operating balance from the forecast surplus of $151 million at the time of the 2019-20 Mid-Year Fiscal and Economic Review (MYFER) and the operating surpluses achieved over the past six consecutive years, is primarily due to the impact of the global COVID-19 pandemic on GGS revenue sources and measures taken by the Queensland Government in response to the crisis.

In 2019-20, GGS revenue totalled $57.764 billion, a reduction of $2.623 billion from the original Budget estimate of $60.387 billion. Since the 2019-20 Budget, revenue has been significantly impacted by the COVID-19 crisis, with a decline across key revenue sources of taxation, GST and royalties. In its immediate response to the pandemic, the Government provided payroll tax and land tax relief measures to support businesses and jobs, directly impacting taxation revenue.

Conversely, expenses increased by $3.3 billion from the 2019-20 Budget to total $63.498 billion in 2019-20. Higher expenses were due to fiscal stimulus measures to support businesses, workers and households in the immediate wake of the COVID-19 crisis, provisioning for acknowledgement of historical serious child physical abuse claims, revision of expected costs of historical child sexual abuse claims and other litigation.

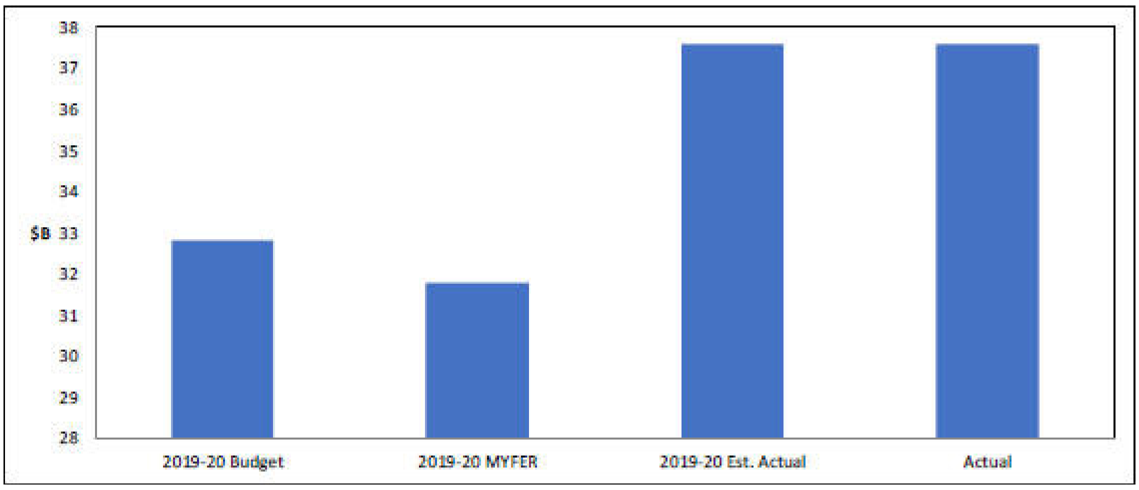
Chart 3.1: 2019-20 General Government Sector UPF net operating balance compared to budget forecasts



GGS borrowing with QTC at 30 June 2020 was $37.57 billion, $4.789 billion higher than the 2019-20 Budget estimate of $32.781 billion and in line with the C19-FER forecast. The higher borrowing is predominantly due to the impact of COVID-19 on key revenue sources, COVID-19 revenue and expense measures, as well as balance sheet measures such as the Jobs Support Loans Scheme. The Government's decision not to proceed with the planned $1 billion repatriation of surplus defined benefit assets under the Debt Action Plan also contributed to higher borrowings with QTC than originally estimated.

Overview continued

Chart 3.2: 2019-20 General Government Sector borrowing with QTC compared to budget forecasts



Prior to COVID-19, the GGS debt to revenue ratio was estimated at 63% in the 2019-20 MYFER. Predominantly due to the COVID-19 economic downturn, this ratio has increased to 77%, with the reduction in revenues and the Government's targeted expenditure in support of economic activity increasing borrowings in the latter part of the year. Key initiatives such as payroll tax and land tax relief measures, utility assistance packages for households, electricity rebates for small businesses and loans provided under the Jobs Support Loans Scheme contributed to higher borrowings. Previous balance sheet management actions taken by the Government under its Debt Action Plan have enabled it to leverage Queensland's strong balance sheet position to absorb the sharp decline in revenues as well as provide fiscal stimulus to the Queensland economy. The 2019-20 debt to revenue ratio of 77% remains a considerable improvement from its peak in 2012-13 of 91%.

Non-financial Public Sector gross borrowing with QTC of $76.464 billion in 2019-20 was $4.51 billion higher than the forecast in the 2019-20 Budget. This increase is predominantly due to additional GGS borrowing with QTC. This outcome has resulted in an increase in the Non-financial Public Sector debt to revenue ratio from the Budget estimate of 115% to 128% but is still lower than the 2012-13 peak of 140%.

Fiscal principles

Impact of the COVID-19 pandemic on the 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 3-3 provides an overview of these fiscal principles and progress against them for the 2019-20 financial year.

The COVID-19 crisis has, in the near term, significantly impacted the Government's ability to meet its fiscal principle targets, which were established prior to the pandemic. The Government has prioritised its economic and health response to the pandemic to ensure the State is well placed to commence its recovery.

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. As mentioned above, Queensland's debt to revenue ratio was 77% in 2019-20, in line with the C19-FER estimated actual but higher than the 63% projected pre-COVID-19 in the 2019-20 MYFER, predominantly due to the COVID-19 economic downturn. While the ratio is elevated above pre-COVID-19 estimates, the ratio of 77% remains below the peak of 91% in 2012-13.

In August 2020, the Government passed legislation to establish the Queensland Future Fund (QFF). The QFF is a long-term plan to alleviate the debt burden on future generations of Queenslanders. All assets within the QFF are ringfenced by legislation, which requires they only be used to reduce the State's borrowings. This means for Credit Rating purposes, Queensland's borrowings are considered net of assets held in the QFF.

Fiscal principles continued

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

The operating deficit of $5.734 billion, for the reasons mentioned, previously has resulted in all new capital investment within the year being funded from borrowings.

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 capital program includes purchases of non-financial assets, capital grants and new finance leases and similar arrangements. The capital program for the State Non-financial Sector in 2019-20 was $12.482 billion, compared to $11.149 billion in 2018-19. The Government re-confirmed its commitment to a $51.8 billion capital program over four years in the C19-FER.

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 2019-20, own-source revenue represented 8.3% of nominal gross state product, consistent with the Government’s fiscal principle.

Own source revenue is estimated to be 7.7% of gross state product in 2020-21 partly due to subdued economic activity following the global COVID-19 outbreak in 2019-20.

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 2019 and was published in a report dated 4 December 2019. The report found the scheme to be fully funded.

As at 30 June 2020, 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 1.8% in 2019-20, compared with the original 2019-20 Budget estimate growth of 1.9%, with 89% of the growth attributable to health and education.

At the time of C19-FER, the average growth in FTEs over the two-year period to 2020-21 was estimated to be 2.2%. Average population growth over the two-year period to 2020-21 is estimated to be 1¼%, which is below recent rates of population growth. International and interstate travel restrictions implemented across Australia to combat the spread of COVID-19 has led to a fall in expected population growth.

Fiscal principles continued

<table>
<tr><th colspan="3">The fiscal principles of the Queensland Government 2019-20</th></tr>
<tr><th>Principle</th><th colspan="2">Indicator</th></tr>
<tr><td rowspan="3">Target ongoing reductions in Queensland's relative debt burden, as measured by the General Government debt to revenue ratio</td><td colspan="2">Debt to Revenue Ratio</td></tr>
<tr><td>Est. Actual</td><td>Outcome</td></tr>
<tr><td>77%</td><td>77%</td></tr>
<tr><td rowspan="3">Target net operating surpluses that ensure any new capital investment in the General Government Sector is funded primarily through recurrent revenue rather than borrowings</td><td colspan="2">Net operating cash flows as a proportion of net investments in non-financial assets</td></tr>
<tr><td>Est. Actual</td><td>Outcome</td></tr>
<tr><td>Operating cash flows are negative</td><td>Operating cash flows are negative</td></tr>
<tr><td rowspan="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</td><td colspan="2">State Non-financial Sector capital program</td></tr>
<tr><td>Est. Actual</td><td>Outcome</td></tr>
<tr><td>$12.428 billion</td><td>$12.482 billion</td></tr>
<tr><td rowspan="3">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</td><td colspan="2">Own-source revenue to gross state product ratio</td></tr>
<tr><td>Est. Actual</td><td>Outcome</td></tr>
<tr><td>8.2%</td><td>8.3%</td></tr>
<tr><td>Target full funding of long-term liabilities such as superannuation and WorkCover in accordance with actuarial advice</td><td colspan="2">The latest actuarial review of the QSuper scheme as at 30 June 2019 found the scheme to be fully funded. The WorkCover scheme was fully funded as at 30 June 2020.</td></tr>
<tr><td>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</td><td colspan="2">Two-year average FTE growth to 2020-21 is 2.2%. Two-year average population growth to 2020-21 is $1\frac{1}{4}$%</td></tr>
</table>

Outcomes Report - Overview and Analysis

Key UPF Financial Aggregates

Outlined in the table below are the key aggregates, by sector for 2019-20. The actual outcome for 2019-20 is compared to the estimated actual (Est. Actual) per the COVID-19 Fiscal and Economic Review.

	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	57,719	57,764	13,623	13,589	66,200	66,156
Expenses	63,617	63,498	12,272	12,662	71,825	72,049
Net operating balance	**(5,898)**	**(5,734)**	**1,351**	**927**	**(5,625)**	**(5,893)**
Capital purchases	**6,305**	**6,291**	**3,142**	**3,156**	**9,447**	**9,467**
Fiscal balance	**(9,318)**	**(9,158)**	**719**	**306**	**(9,678)**	**(9,958)**
Borrowing with QTC	**37,574**	**37,570**	**38,904**	**38,894**	**76,478**	**76,464**
Leases and similar arrangements	6,454	6,499	491	492	6,945	6,991
Securities and derivatives	198	198	1,315	1,315	1,513	1,505

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

General Government Sector

Revenue

Revenue	2019-20 MYFER $ million	2019-20 Est. Actual $ million	2019-20 Outcome $ million
Taxation revenue	15,145	14,566	14,585
Grants revenue	28,261	27,569	27,641
Sales of goods and services	6,107	5,809	5,618
Interest income	2,047	2,020	2,076
Dividend and income tax equivalent income	2,187	1,895	1,929
Other revenue	6,167	5,859	5,915
Total Revenue	**59,914**	**57,719**	**57,764**

Note:
1. Numbers may not add due to rounding.

Total GGS revenue of $57.764 billion was consistent with the C19-FER and $2.15 billion, or 3.6%, lower than the 2019-20 MYFER.

Since 2019-20 MYFER, the COVID-19 pandemic significantly impacted Queensland's revenue with falls occurring across all categories of revenue. Taxation revenue declined $561 million largely reflecting the Government's COVID-19 payroll tax and land tax relief measures resulting in revenue forgone and lower gambling machine tax revenue due to the closure of venues during the height of the crisis. GST revenue was also down, falling $1.251 billion from the 2019-20 MYFER estimate due to lower national GST collections resulting from subdued economic activity during the crisis. These falls in revenue were partially offset by the Australian Government funding for health services and the bring forward from 2020-21 grants for on-passing to non-State schools and Financial Assistance grants for local councils.

Key UPF Financial Aggregates continued

General Government Sector continued

Expenses

Expenses	**2019-20 MYFER $ million**	**2019-20 Est. Actual $ million**	**2019-20 Outcome $ million**
Employee expenses	25,511	25,657	25,660
Superannuation expenses			
Superannuation interest cost	346	346	354
Other superannuation expenses	3,097	3,104	3,183
Other operating expenses	15,176	17,264	17,087
Depreciation and amortisation	3,951	4,033	4,033
Other interest expenses	1,544	1,508	1,486
Grants expenses	10,139	11,704	11,695
Total Expenses	**59,763**	**63,617**	**63,498**

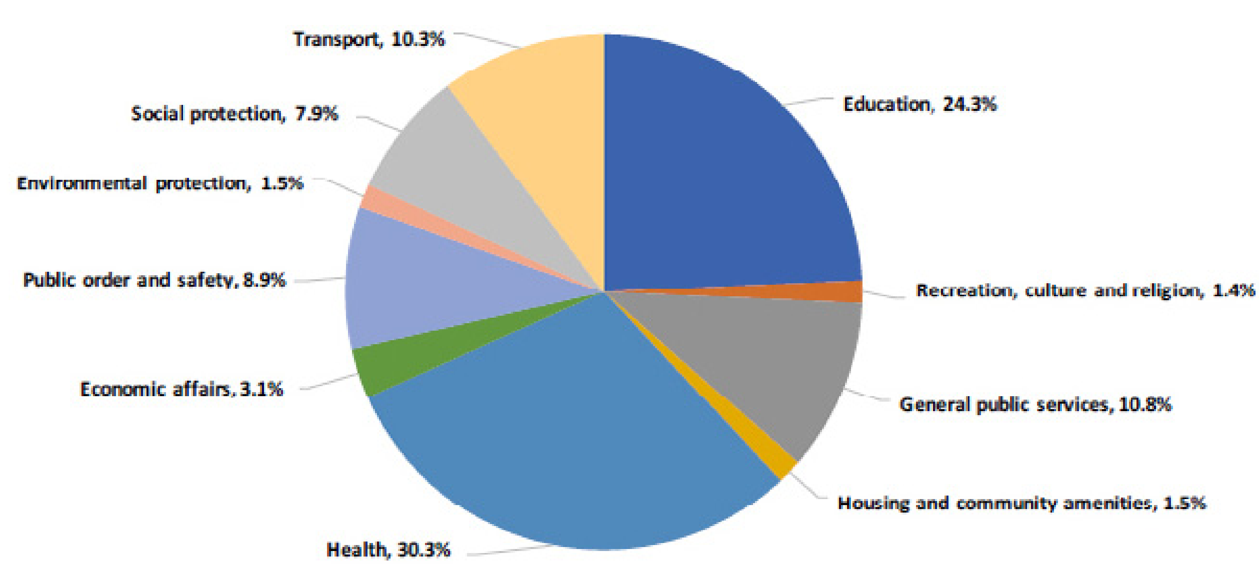
Note:
1. Numbers may not add due to rounding.

GGS expenses for 2019-20 totalled $63.498 million, $119 million lower than expected in the C19-FER and $3.734 billion, or 6.2%, higher than the 2019-20 MYFER estimate.

In response to the COVID-19 pandemic, the Government provided significant immediate stimulus with funding targeted at boosting health capacity, economic assistance to businesses through payroll and land tax relief refunds, electricity and water utility assistance to households, electricity rebates for small businesses and worker assistance. Expenses also grew relative to the 2019-20 MYFER due to the State providing for historical serious child physical abuse claims following the removal of the limitation periods and an increase in expected historical serious sexual abuse claims as well as other pending litigation.

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, consistent with their share in other jurisdictions.

Chart 3.4: 2019-20 General Government Sector expenses by function[1]



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

Key UPF Financial Aggregates continued

General Government Sector continued

Net Operating Balance

The net operating balance is the net of revenue and expenses from transactions and was an operating deficit of $5.734 billion for 2019-20. This was a modest improvement on the $5.898 billion estimated actual in the C19-FER and a $5.885 billion deterioration from the 2019-20 MYFER estimated net operating balance of $151 million, for the reasons discussed above.

Capital Purchases

GGS purchases of non-financial assets are the actual cash outlays per the Cash Flow Statement and totalled $6.291 billion, which was $14 million lower than the C19-FER estimate.

Fiscal Balance

The fiscal deficit of $9.158 billion for 2019-20 was a modest improvement on the C19-FER projection of a $9.318 billion deficit. The deterioration of the fiscal balance since the 2019-20 MYFER is due to the impact of COVID-19 on the net operating balance, partly offset by lower than projected capital purchases.

Borrowing

Gross borrowing with QTC was $37.57 billion, compared to the 2019-20 MYFER projection of $31.774 billion, an increase of $5.796 billion. The increase reflects the reduction in cash flows from operating activities caused by lower revenues and rise in expenses as a result of the COVID-19 pandemic, COVID-19 balance sheet measures (including payroll tax and land tax deferrals and the Jobs Support Loan Scheme), and not proceeding with the planned $1 billion repatriation of surplus defined benefit assets. Offsetting this in part were lower capital purchases than projected at MYFER.

Leases and similar arrangements were $6.499 billion at year end, $428 million higher than estimated at 2019-20 MYFER. This increase is due to the timing of recognition on the Cross River Rail project and revision of estimates on transition to AASB 16 *Leases.*

Net Worth

The GGS net worth was $193.731 billion as at 30 June 2020, $2.224 billion lower than the estimated actual included in the C19-FER. The decrease related mainly to downwards valuation of the investment in public enterprises and an increase in the actuarial valuation of defined benefit superannuation liabilities.

Net Debt

Net debt is the sum of deposits held, advances received and borrowings (financial liabilities) less cash and deposits, advances paid and investments, loans and placements (financial assets). Financial liabilities exceeded financial assets in the GGS by $14.046 billion at 30 June 2020.

Net debt has increased since 2019-20 MYFER due to higher borrowing with QTC resulting from the impact of COVID-19 on net cash flows from operating activities, as well as a decrease in the valuation of investments, loans and placements.

Operating Result

The operating result measures the outcome for the State under the Accounting Standards framework, rather than the GFS framework. The GGS operating deficit of $10.749 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 the revaluation of assets taken to reserves and actuarial adjustments to defined benefit superannuation liabilities.

The decrease from the C19-FER estimated actual to the actual comprehensive result was due mainly to slightly lower revaluations of non-financial assets, downwards valuation of the investment in public enterprises and the actuarial valuation of defined benefit superannuation liabilities discussed above.

2019 - 20 Operating Statement by Sector ($ million)

	General Government Sector		Public Non-financial Corporations Sector		Non-financial Public Sector [(b)]		Public Financial Corporations Sector [(b)]	State Financial Sector
	Est. Actual	Outcome	Est. Actual	Outcome	Est. Actual	Outcome	Outcome [(c)]	Outcome [(c)]
Revenue from Transactions								
Taxation revenue	14,566	14,585	-	-	14,275	14,254	-	14,146
Grants revenue	27,569	27,641	666	646	27,611	27,674	1	27,571
Sales of goods and services	5,809	5,618	12,401	12,359	15,827	15,596	2,429	17,674
Interest income	2,020	2,076	83	87	2,060	2,140	3,398	935
Dividend and income tax equivalent income	1,895	1,929	13	14	152	141	-	14
Other revenue	5,859	5,915	461	482	6,275	6,351	76	6,425
Total Revenue from Transactions	**57,719**	**57,764**	**13,623**	**13,589**	**66,200**	**66,156**	**5,904**	**66,766**
Expenses from Transactions								
Employee expenses	25,657	25,660	2,113	2,087	27,651	27,629	371	27,710
Superannuation expenses								
Superannuation interest cost	346	354	-	(5)	346	349	-	349
Other superannuation expenses	3,104	3,183	214	237	3,318	3,421	26	3,446
Other operating expenses	17,264	17,087	4,729	5,129	19,577	19,768	2,991	22,751
Depreciation and amortisation	4,033	4,033	2,658	2,719	6,691	6,752	28	6,779
Other interest expenses	1,508	1,486	1,842	1,776	3,144	3,070	5,564	3,868
Grants expenses	11,704	11,695	17	(19)	11,097	11,062	103	11,061
Other property expenses	-	-	699	737	-	-	32	-
Total Expenses from Transactions	**63,617**	**63,498**	**12,272**	**12,662**	**71,825**	**72,049**	**9,115**	**75,965**
Net Operating Balance	**(5,898)**	**(5,734)**	**1,351**	**927**	**(5,625)**	**(5,893)**	**(3,211)**	**(9,199)**
Other economic flows - included in operating result	(4,283)	(5,015)	(1,008)	(944)	(5,361)	(6,033)	2,503	(4,989)
Operating Result	**(10,181)**	**(10,749)**	**343**	**(17)**	**(10,986)**	**(11,926)**	**(709)**	**(14,188)**
Other economic flows - other movements in equity	4,632	2,976	(464)	(651)	5,437	4,153	(111)	4,956
Comprehensive Result - Total Change in Net Worth [(d)]	**(5,549)**	**(7,773)**	**(121)**	**(668)**	**(5,548)**	**(7,773)**	**(820)**	**(9,232)**
KEY FISCAL AGGREGATES								
Net Operating Balance	**(5,898)**	**(5,734)**	**1,351**	**927**	**(5,625)**	**(5,893)**	**(3,211)**	**(9,199)**
Net Acquisition/(Disposal) of Non-financial Assets								
Purchases of non-financial assets	6,305	6,291	3,142	3,156	9,447	9,467	17	9,483
Less Sales of non-financial assets	228	230	45	36	272	266	-	266
Less Depreciation	4,033	4,033	2,658	2,719	6,691	6,752	28	6,779
Plus Change in inventories	54	107	40	50	94	156	-	156
Plus Other movements in non-financial assets	1,323	1,289	153	170	1,476	1,460	4	1,464
Equals **Total Net Acquisition of Non-financial Assets**	**3,421**	**3,424**	**632**	**621**	**4,053**	**4,065**	**(7)**	**4,057**
Fiscal Balance	**(9,318)**	**(9,158)**	**719**	**306**	**(9,678)**	**(9,958)**	**(3,204)**	**(13,256)**

Notes:

(a) Numbers may not add due to rounding and have been restated where necessary to ensure comparability.

(b) The Non-financial Public Sector (NFP) consolidates the GGS and PNFC Sectors, eliminating inter-sector balances and transactions such as dividend and income tax equivalent income. The State Financial Sector consolidates the NFP and the PFC sectors.

(c) In accordance with UPF requirements, estimates for Public Financial Corporations (PFC) and State Financial Sectors are not included in Budget documentation.

(d) For GFS, the change in Net Worth is the change from the previous published outcome. This differs from the AASB 1049 statements where prior year adjustments are permitted under IFRS.

2019 - 20 Balance Sheet by Sector ($ million)

	General Government Sector		Public Non-financial Corporations Sector		Non-financial Public Sector [b]		Public Financial Corporations Sector [b]	State Financial Sector
	Est. Actual	**Outcome**	**Est. Actual**	**Outcome**	**Est. Actual**	**Outcome**	**Outcome** [c]	**Outcome** [c]
Assets								
Financial assets								
Cash and deposits	1,168	1,205	889	889	2,057	2,094	2,604	3,045
Advances paid	1,269	1,280	1,491	1,491	1,263	1,274	-	1,274
Investments, loans and placements	29,441	29,580	1,639	1,787	31,080	31,366	154,690	72,160
Receivables	4,333	4,490	1,569	1,484	4,636	4,669	323	4,781
Equity								
Investments in other public sector entities	22,108	21,560	-	-	2,592	2,592	-	-
Investments - other	150	163	270	279	420	442	-	442
Total financial assets	**58,468**	**58,278**	**5,859**	**5,930**	**42,048**	**42,438**	**157,617**	**81,703**
Non-Financial Assets								
Land and other fixed assets	223,249	223,280	63,761	63,522	287,008	286,800	185	286,985
Other non-financial assets	6,881	6,928	1,178	1,388	1,272	1,236	179	1,220
Total Non-financial Assets	**230,129**	**230,207**	**64,938**	**64,910**	**288,281**	**288,037**	**364**	**288,205**
Total assets	**288,597**	**288,485**	**70,798**	**70,840**	**330,329**	**330,475**	**157,981**	**369,908**
Liabilities								
Payables	5,712	5,729	2,232	2,210	6,709	6,676	252	6,743
Superannuation liability	26,859	27,808	(172)	(152)	26,687	27,656	-	27,656
Other employee benefits	7,705	8,327	824	911	8,530	9,238	115	9,353.07
Deposits held	-	-	15	13	15	13	8,826	7,185
Advances received	1,844	1,845	6	6	353	354	-	354
Borrowing with QTC	37,574	37,570	38,904	38,894	76,478	76,464	-	-
Leases and other similar arrangements	6,454	6,499	491	492	6,945	6,991	405	7,396
Securities and derivatives	198	198	1,315	1,315	1,513	1,505	139,739	115,027
Other liabilities	6,295	6,779	7,665	8,183	7,143	7,847	6,053	13,679
Total liabilities	**92,641**	**94,754**	**51,281**	**51,871**	**134,373**	**136,743**	**155,389**	**187,392**
Net Worth	**195,956**	**193,731**	**19,516**	**18,969**	**195,956**	**193,731**	**2,592**	**182,516**
KEY FISCAL AGGREGATES								
Net Financial Worth	(34,173)	(36,476)	(45,422)	(45,941)	(92,325)	(94,305)	2,228	(105,689)
Net Financial Liabilities	56,281	58,036	NA	NA	94,916	96,897	NA	105,689
Net Debt	14,192	14,046	36,712	36,552	50,904	50,592	(8,325)	53,482

Notes:

(a) Numbers may not add due to rounding and have been restated where necessary to ensure comparability.

(b) The Non-financial Public Sector (NFP) consolidates the GGS and PNFC Sectors, eliminating inter-sector balances and transactions such as dividend and income tax equivalent income. The State Financial Sector consolidates the NFP and the PFC sectors.

(c) In accordance with UPF requirements, estimates for Public Financial Corporations (PFC) and State Financial sectors are not included in Budget documentation.

2019 - 20 Cash Flow Statement by Sector ($ million)

	General Government Sector		Public Non-financial Corporations Sector		Non-financial Public Sector (b)		Public Financial Corporations Sector (b)	State Financial Sector
	Est. Actual	Outcome	Est. Actual	Outcome	Est. Actual	Outcome	Outcome (c)	Outcome (c)
Cash Receipts from Operating Activities								
Taxes received	13,884	13,870	-	-	13,593	13,543	-	13,460
Grants and subsidies received	28,587	28,841	649	643	28,612	28,875	1	28,772
Sales of goods and services	6,129	6,055	14,748	14,582	18,124	18,222	2,667	20,539
Interest receipts	1,942	1,997	83	88	1,982	2,061	3,398	932
Dividends and income tax equivalents	2,791	2,756	13	14	172	81	-	14
Other receipts	7,339	7,048	354	373	7,642	7,441	140	7,579
	60,672	**60,567**	**15,847**	**15,701**	**70,125**	**70,223**	**6,206**	**71,297**
Cash Payments for Operating Activities								
Payments for employees	(29,490)	(29,332)	(2,328)	(2,219)	(31,699)	(31,432)	(420)	(31,562)
Payments for goods and services	(19,095)	(19,019)	(6,438)	(6,307)	(22,741)	(22,875)	(1,764)	(24,632)
Grants and subsidies	(10,897)	(10,928)	(268)	(263)	(10,541)	(10,581)	(103)	(10,580)
Interest paid	(1,487)	(1,460)	(1,859)	(1,771)	(3,140)	(3,041)	(5,462)	(3,840)
Other payments	-	(8)	(1,416)	(1,471)	(562)	(571)	(182)	(796)
	(60,970)	**(60,747)**	**(12,309)**	**(12,030)**	**(68,683)**	**(68,500)**	**(7,931)**	**(71,410)**
Net Cash Flows from Operating Activities	**(297)**	**(180)**	**3,538**	**3,671**	**1,442**	**1,723**	**(1,725)**	**(113)**
Cash Flows from Investing Activities								
Non-financial Assets								
Purchases of non-financial assets	(6,305)	(6,291)	(3,142)	(3,156)	(9,447)	(9,467)	(17)	(9,483)
Sales of non-financial assets	228	230	45	36	272	266	-	266
	(6,078)	**(6,061)**	**(3,097)**	**(3,120)**	**(9,175)**	**(9,201)**	**(17)**	**(9,217)**
Financial Assets (Policy Purposes)	**(939)**	**(941)**	**707**	**707**	**(907)**	**(916)**	**-**	**(916)**
Financial Assets (Liquidity Purposes)	**4,505**	**4,391**	**-**	**(29)**	**4,505**	**4,362**	**(2,959)**	**1,383**
Net Cash Flows from Investing Activities	**(2,512)**	**(2,611)**	**(2,390)**	**(2,442)**	**(5,576)**	**(5,755)**	**(2,975)**	**(8,750)**
Net Cash Flows from Financing Activities								
Advances received (net)	(866)	(847)	(1)	5	(88)	(64)	-	(64)
Borrowing (net)	2,975	2,975	742	733	3,717	3,708	(5,203)	(1,494)
Dividends paid	-	-	(1,799)	(1,799)	-	-	(109)	-
Deposits received (net)	-	-	1	(1)	1	(1)	1,652	1,951
Other financing (net)	-	-	94	19	(9)	(88)	9,291	9,223
Net Cash Flows from Financing Activities	**2,109**	**2,128**	**(963)**	**(1,043)**	**3,620**	**3,555**	**5,631**	**9,617**
Net Increase/(Decrease) in Cash Held	**(700)**	**(663)**	**186**	**186**	**(514)**	**(477)**	**931**	**754**
KEY FISCAL AGGREGATES								
Net cash from operating activities	(297)	(180)	3,538	3,671	1,442	1,723	(1,725)	(113)
Net cash from investments in non-financial assets	(6,078)	(6,061)	(3,097)	(3,120)	(9,175)	(9,201)	(17)	(9,217)
Dividends paid	-	-	(1,799)	(1,799)	-	-	(109)	-
Cash Surplus/(Deficit)	**(6,375)**	**(6,241)**	**(1,357)**	**(1,248)**	**(7,733)**	**(7,478)**	**(1,850)**	**(9,330)**
Derivation of ABS GFS Cash Surplus/Deficit								
Cash surplus/(deficit)	(6,375)	(6,241)	(1,357)	(1,248)	(7,733)	(7,478)	(1,850)	(9,330)
Acquisitions under finance leases and similar arrangements	(1,248)	(1,263)	(45)	(54)	(1,293)	(1,316)	(4)	(1,320)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(7,623)**	**(7,503)**	**(1,402)**	**(1,302)**	**(9,025)**	**(8,794)**	**(1,854)**	**(10,650)**

Notes:
(a) Numbers may not add due to rounding and have been restated where necessary to ensure comparability.
(b) The Non-financial Public Sector (NFP) consolidates the GGS and PNFC Sectors, eliminating inter-sector balances and transactions such as dividend and income tax equivalent income. The State Financial Sector consolidates the NFP and the PFC sectors.
(c) In accordance with UPF requirements, estimates for Public Financial Corporations (PFC) 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	2019-20 Outcome $ million
Taxes on employers' payroll and labour force	4,211
Taxes on property	
Land taxes	1,406
Other	562
Taxes on the provision of goods and services	
Stamp duties on financial and capital transactions	3,075
Financial Institutions' transactions taxes	272
Taxes on gambling	1,258
Taxes on insurance	1,060
Taxes on use of goods and performance of activities	
Motor vehicle taxes	2,443
Other	296
Total Taxation Revenue	**14,585**

Note:
1. Numbers may not add due to rounding.

Dividend and Income Tax Equivalent Income	2019-20 Outcome $ million
Dividend and Income Tax Equivalent income from PNFC sector	1,802
Dividend and Income Tax Equivalent income from PFC sector	127
Total Dividend and Income Tax Equivalent income	**1,929**

Note:
1. Numbers may not add due to rounding.

Outcomes Report - Other General Government UPF Data

General Government Sector continued

Grants Revenue	**2019-20 Outcome $ million**
Current grants revenue	
Current grants from the Commonwealth	
General purpose grants	*12,794*
Specific purpose grants	*9,018*
Specific purpose grants for on-passing	*3,658*
Total current grants from the Commonwealth	25,470
Other contributions and grants	330
Total current grants revenue	**25,800**
Capital grants revenue	
Capital grants from the Commonwealth	
General purpose grants	*2*
Specific purpose grants	*1,803*
Total capital grants from the Commonwealth	1,805
Other contributions and grants	37
Total capital grants revenue	**1,841**
Total grants revenue	**27,641**

Note:
1. Numbers may not add due to rounding.

Grants Expenses	**2019-20 Outcome $ million**
Current grants expenses	
Private and not-for-profit sector	2,998
Private and not-for-profit sector on-passing	3,163
Local Government	193
Local Government on-passing	504
Grants to other sectors of Government	2,136
Other	969
Total current grants expense	**9,963**
Capital grants expenses	
Private and not-for-profit sector	529
Local Government	1,070
Grants to other sectors of Government	34
Other	98
Total capital grants expenses	**1,732**
Total grants expenses	**11,695**

Note:
1. Numbers may not add due to rounding.

Outcomes Report - Other General Government UPF Data

General Government Sector continued

Expenses by Function

	2019-20 Outcome $ million		2019-20 Outcome $ million
General Public Services	**6,829**	**Health**	**19,258**
Executive and legislative organs, financial and fiscal affairs, external affairs	1,148	Outpatient services	3,016
General services	286	Hospital services	10,794
Public debt transactions	1,471	Mental health institutions	550
Transfers of a general character between level of government	508	Community health services	3,847
General public services n.e.c.	3,417	Public health services	384
		R&D - Health	199
		Health n.e.c.	469
Public Order and Safety	**5,635**		
Police services	2,313	**Recreation, Culture and Religion**	**920**
Civil and fire protection services	696	Recreation and sporting services	407
Law courts	891	Cultural services	365
Prisons	1,293	Recreation, culture and religion n.e.c.	149
Public order and safety n.e.c.	442		
		Education	**15,404**
Economic Affairs	**1,981**	Pre-primary and primary education	7,512
General economic, commercial and labour affairs	319	Secondary education	5,073
Agriculture, forestry, fishing and hunting	470	Tertiary education	1,303
Fuel and energy	516	Subsidiary services to education	175
Mining, manufacturing and construction	269	Education n.e.c.	1,342
R&D - Economic affairs	187		
Other industries	221	**Social Protection**	**4,994**
		Sickness and disability	1,741
Environmental Protection	**939**	Old age	12
Waste water management	12	Family and children	1,430
Protection of biodiversity and landscape	701	Housing	421
Environmental protection n.e.c.	226	Social exclusion n.e.c.	175
		Social protection n.e.c.	1,215
Housing and Community Amenities	**983**		
Housing development	714	**Transport**	**6,554**
Community development	104	Road transport	2,967
Water supply	124	Bus transport	77
Housing and community amenities n.e.c.	41	Water transport	147
		Railway transport	1,973
		Multi-mode urban transport	874
		Transport n.e.c.	516
		Total	**63,498**

Note:
1. Numbers may not add due to rounding.

Outcomes Report - Other General Government UPF Data

General Government Sector continued

Purchases of Non-financial Assets by Function	2019-20 Outcome $ million
General public services	218
Public order and safety	501
Economic affairs	31
Environmental protection	66
Housing and community amenities	326
Health	706
Recreation, culture and religion	78
Education	1,177
Social protection	50
Transport	3,138
Total	**6,291**

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.

We certify that, in our opinion, 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 2020.

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.

William Ryan
Acting Head of Fiscal
Queensland Treasury

Rachel Hunter
Under Treasurer
Queensland Treasury

23 November 2020

2019–20
AASB 1049
Financial Statements

Overview and Analysis – 30 June 2020

Queensland Government

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	
	2020 $ million	2019 $ million	2020 $ million	2019 $ million
Taxation revenue	14,585	14,165	14,146	13,870
Grants revenue	27,641	28,307	27,571	28,239
Sales of goods and services	5,618	5,783	17,674	18,707
Interest income	2,076	2,191	935	1,678
Dividend and income tax equivalent income	1,929	2,784	14	13
Other revenue	5,915	6,598	6,425	7,113
Continuing Revenue from Transactions	**57,764**	**59,828**	**66,766**	**69,621**
Employee expenses	25,660	24,019	27,710	25,877
Superannuation expenses	3,537	3,665	3,795	3,899
Other operating expenses	17,087	16,480	22,751	21,611
Depreciation and amortisation	4,033	3,451	6,779	6,051
Other interest expense	1,486	1,581	3,868	4,177
Grants expenses	11,695	9,647	11,061	9,098
Continuing Expenses from Transactions	**63,498**	**58,843**	**75,965**	**70,713**
Net Operating Balance	**(5,734)**	**985**	**(9,199)**	**(1,092)**
Other Economic Flows - Included in Operating Result	(5,015)	(819)	(4,989)	(2,962)
Operating Result	**(10,749)**	**166**	**(14,188)**	**(4,054)**
Other Economic Flows - Other Movements in Equity	3,620	5,657	5,600	5,694
Comprehensive Result [1]	**(7,129)**	**5,823**	**(8,588)**	**1,640**
Purchases of non-financial assets	6,291	5,764	9,483	8,485
Fiscal Balance	(9,158)	(2,207)	(13,256)	(4,441)
Borrowing with QTC	**37,570**	**29,468**	**-**	**-**
Leases and other loans	6,499	2,612	7,396	2,965
Securities and derivatives	198	121	115,027	102,786
Assets	288,485	280,950	369,908	355,725
Liabilities	94,754	80,089	187,392	164,621
Net Worth	**193,731**	**200,861**	**182,516**	**191,104**

Note:
1. Comprehensive result is different to the Outcomes Report as it reflects the movement from the 2020 recast position, rather than the 2020 published position.
2 Numbers may not add due to rounding.

AASB 1049 - Overview and Analysis

Net Operating Balance

The GGS net operating balance was a deficit of $5.734 billion compared to a restated surplus of $985 million in 2018-19. The global COVID-19 pandemic had a profound negative impact on the 2019-20 net operating balance, with the combined effect of lower revenues due to the downturn in economic activity and a rise in GGS expenses to mitigate the effects of the crisis on businesses, households and industry.

GGS revenue fell by around 3% ($2.064 billion) while expenses grew by around 8% ($4.655 billion) over the year.

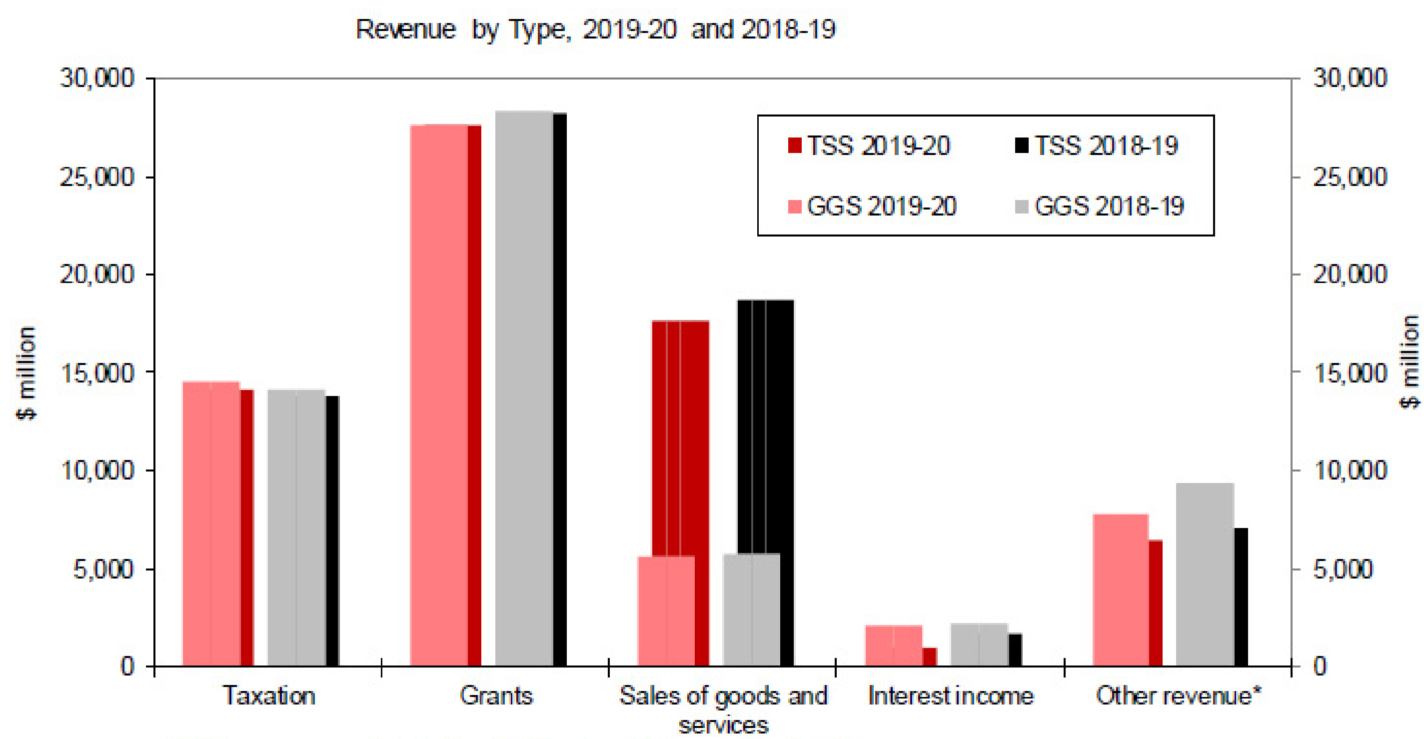
The Total State Sector (TSS) net operating balance showed a deficit of $9.199 billion compared to a restated deficit of $1.092 billion in 2018-19.

The variances are explained below.

Revenue

Revenue from transactions declined from $59.828 billion in 2018-19 to be $57.764 billion in the GGS and totals $66.766 billion in the TSS, a fall of $2.855 billion over 2018-19.

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



* Other revenue includes dividend and tax equivalent income.

Taxation revenue increased in 2019-20 by $420 million for GGS and $276 million for the TSS.

The increase in GGS taxation revenue was predominantly due to the introduction of a waste levy on landfill in Queensland from 1 July 2019 and guarantee fees from Queensland Investment Corporation. Besides these two tax streams, overall taxation revenue was lower in the second half of 2019-20 compared to the previous year driven by the pandemic-led economic downturn.

Stamp duties and gaming machine taxes and levies were respectively $153 million and $75 million lower than 2018-19, while payroll and land tax only showed modest increases compared to normal growth patterns, also affected by relief measures.

Commonwealth and other grants comprised 48% of GGS revenue and 41% of TSS revenue. Grant revenue decreased $666 million from 2019-20 for the GGS and $668 million for the TSS. The decrease was due to

– lower GST revenue of $1.571 billion driven by lower national GST collections following the COVID-19 economic downturn; and

– National Partnership Payments were $190 million lower partly due to one-off funding for the Restocking, Replanting and On-farm Infrastructure grants program in 2018-19.

Revenue continued

These decreases were partly offset by higher Commonwealth Specific Purpose Payments of $721 million (including health COVID-19 funding and schools funding) and higher on-passing grants to non-state schools of $386 million.

TSS sales of goods and services were $1.033 billion lower than 2018-19 largely due to lower electricity prices.

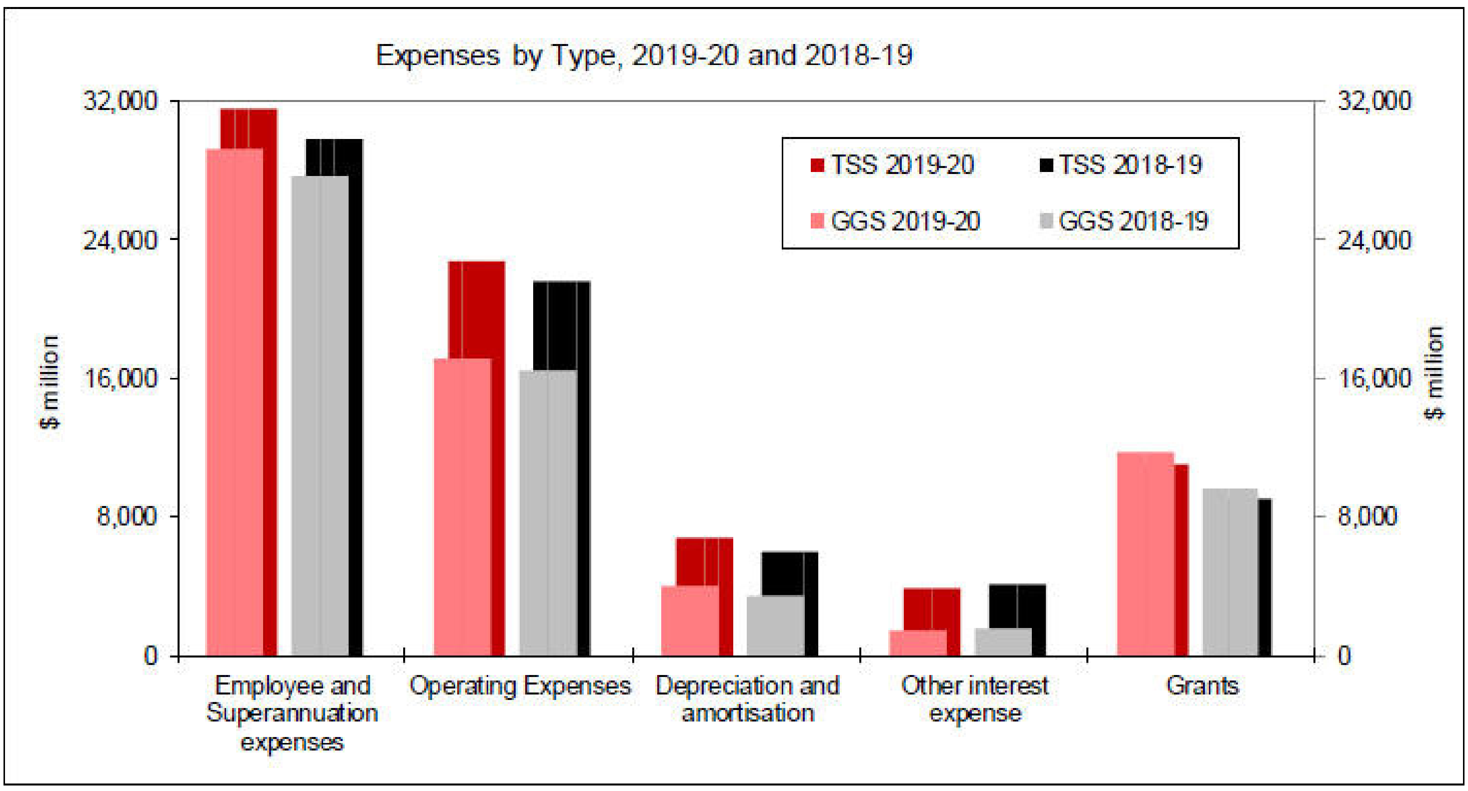
Dividend and income tax equivalent revenue for the GGS decreased $855 million in comparison to 2018-19 mainly due to lower returns in the electricity sector from lower prices.

GGS other revenue was $683 million lower in 2019-20 than 2018-19 mainly due to the impact on royalties of weaker global demand during the COVID-19 pandemic. This increase flows through to the TSS.

Expenses

Total expenses for 2019-20 were $63.498 billion for the GGS and $75.965 billion for the TSS, $4.655 billion and $5.251 billion more than the previous year respectively.

Expenses by type are shown in the following chart:



Employee and superannuation expenses were 5.5% higher in 2019-20, consistent with the estimate in the 2019-20 Budget. The increases are mainly in the areas of Health and Education, reflecting the Government's commitment to revitalising frontline services.

Other operating expenses were $607 million higher than 2018-19 for the GGS. The increase was due to electricity rebates provided to households as COVID-19 measures and expected claims for civil child abuse, offset by reallocations of disability costs to grants under NDIS, and operating lease expenses to depreciation and interest on the adoption of AASB 16 *Leases.* In addition to these higher GGS expenses, additional claims costs, partly offset by lower costs in the electricity sector contributed to the $1.14 billion higher other operating expenses for TSS.

Depreciation and amortisation increased by $582 million for the GGS and $729 million for the TSS, mainly due to the adoption of AASB 16, which brings additional assets onto the State's balance sheet and results in a reallocation from other operating expenses.

Interest costs decreased by $94 million to $1.486 billion for the GGS in 2019-20, due to lower interest rates on borrowing with QTC, partly offset by additional interest on finance leases following the adoption of AASB 16.

Expenses continued

Grant expenses increased $2.048 billion in the GGS, mainly due to the transition of disability services to the NDIS ($499 million), increases in the on-passing of Commonwealth grants for non-state schools ($386 million) and payroll and land tax rebates and electricity subsidies to businesses ($550 million) in response to the COVID-19 crisis. Grants expense for the TSS were $1.963 billion higher than 2018-19.

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 2019-20 year was a deficit of $10.749 billion, compared to a surplus of $166 million in 2018-19. The difference in the result compared to 2018-19 is mainly due to the lower net operating balance, discussed above, the market value adjustment to the fixed rate notes with QTC, and deferred tax adjustments for impairments and unrealised losses on investments.

The TSS operating result was a deficit of $14.188 billion compared to a deficit of $4.054 billion in 2018-19. The lower result in 2019-20 arose mainly from the lower net operating balance as well as the net effect of realised and unrealised market value adjustments to derivatives, investments, non-financial assets and borrowings.

Fiscal Balance

The GGS fiscal deficit was $9.158 billion for 2019-20 compared to a deficit of $2.207 billion for 2018-19. The TSS fiscal deficit was $13.256 billion for 2019-20 compared to a deficit of $4.441 billion for 2018-19. The changes are driven by the lower net operating balances and higher purchases of non-financial assets in each case.

Assets

Assets controlled by the GGS at 30 June 2020 totalled $288.485 billion, an increase of $7.535 billion on 2018-19, while assets controlled by the TSS at 30 June 2020 totalled $369.908 billion. This is an increase of $14.183 billion from the 2019 balance of $355.725 billion.

Financial assets in the GGS were $4.486 billion lower than 2018-19, with lower balances on the fixed rate notes and investments in public sector entities following market value adjustments and impairments. Decreases in cash balances were largely offset by increases in advances, mainly for the Jobs Support Loan package.

Financial assets of the State increased by $1.973 billion, reflecting higher cash balances of $754 million, mainly in QTC, Jobs Support loans, increased onlendings to Local Government, higher electricity derivative balances, and securities and bonds invested by QTC from forward funding and client deposits. These increases were offset by lower balances on QIC trusts following market value adjustments.

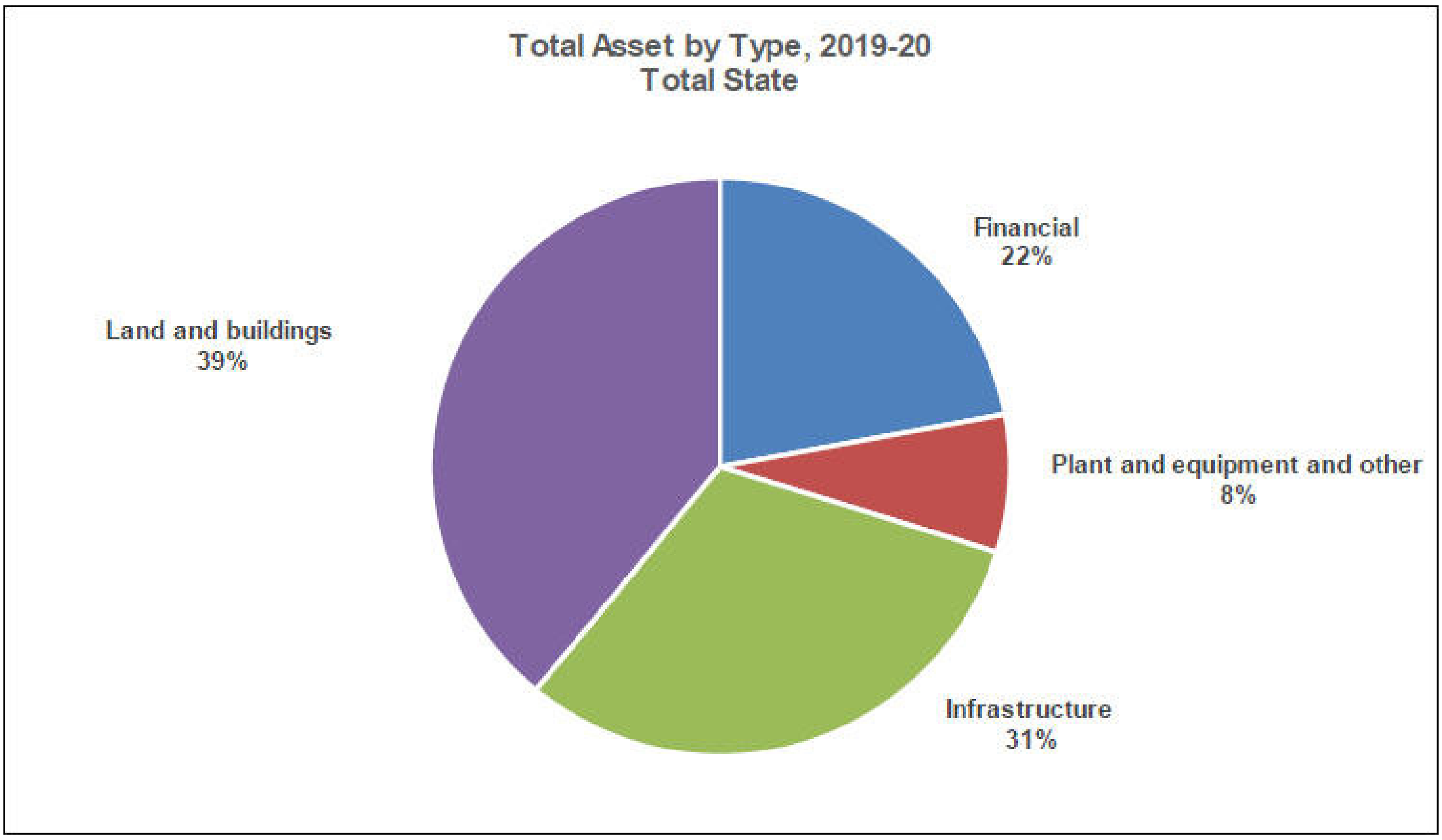
Non-financial assets increased by $12.021 billion in the GGS due to revaluations of land under roads, road infrastructure and schools, and the adoption of AASB 16, as well as capital purchases exceeding depreciation. The increase at the TSS level was $12.21 billion.

Of the TSS assets, GGS assets comprised 78%. Total assets are made up of:

	General Government	Total State
	$M	$M
Financial	58,278	81,703
Infrastructure	62,116	115,412
Land and buildings	139,936	144,365
Plant and equipment and other	28,155	28,428
	288,485	369,908

Assets continued

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



Liabilities

Liabilities at 30 June 2020 totalled $94.754 billion for the GGS and $187.392 billion for the TSS, an increase of $14.665 billion over 2018-19 for the GGS and an increase of $22.771 billion for the State.

The overall increase in liabilities for the GGS arose largely from GST overpaid by the Commonwealth, actuarial changes to long service leave liabilities, additional borrowing from QTC ($8.102 billion), increased leases and other loans ($3.887 billion) following the adoption of AASB 16, $546 million of additional deferred tax liabilities, and $1.3 billion in provisions mainly from civil child abuse and other litigation claims. Partly offsetting these increases were lower advances from GOCs.

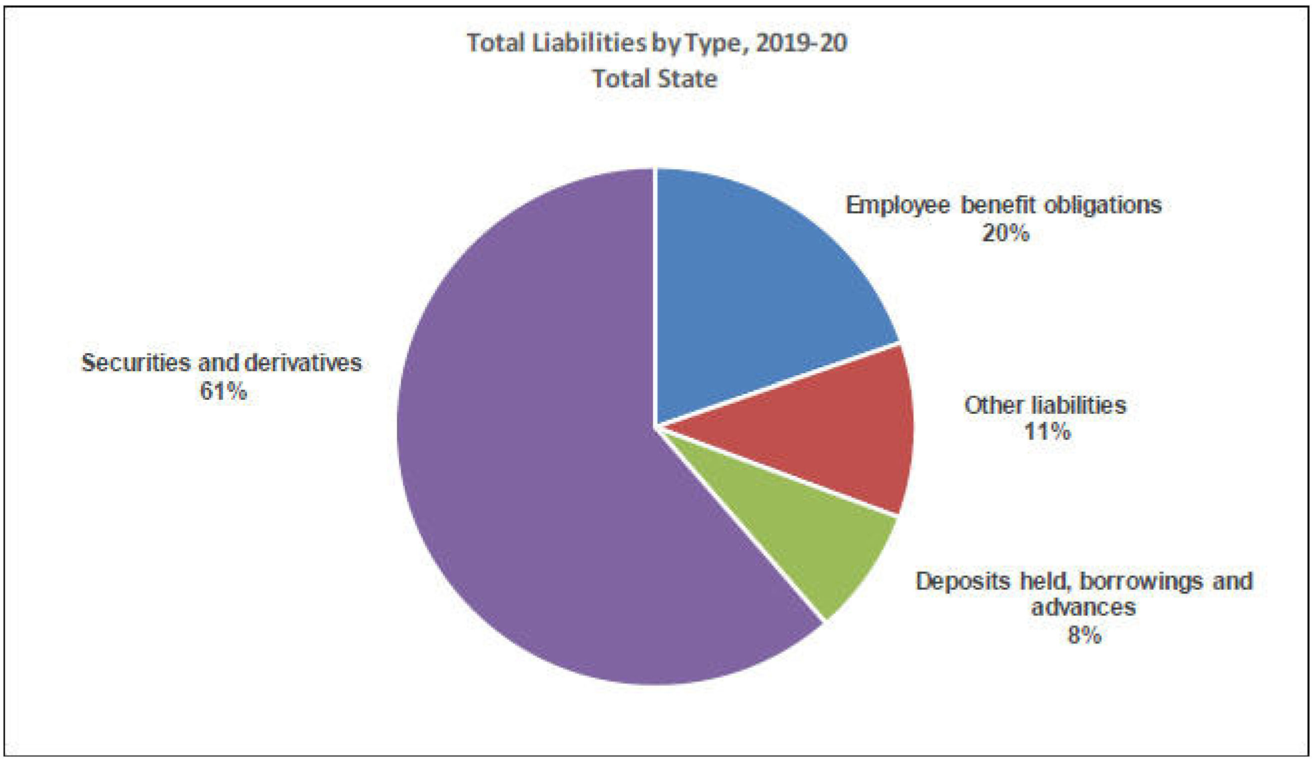
For the TSS, securities and derivatives, largely held by QTC, have increased $12.241 billion, mainly to fund additional on-lending requirements as well as being impacted by market value adjustments. Following the adoption of AASB 16, the increase in leases and other loans is $4.432 billion. Provisions have increased by $2.816 billion, mainly for WorkCover and the National Injury Insurance Scheme and other claims, in addition to the increase in the GGS.

Of the TSS liabilities, GGS liabilities comprised 51%. Total liabilities are made up of:

	General Government	Total State
	$M	$M
Securities and derivatives	198	115,027
Deposits held, borrowings and advances	45,913	14,935
Employee benefit obligations	36,135	37,009
Other liabilities	12,508	20,422
	94,754	187,392

Liabilities continued

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



Cash Flow Statement

The impact of COVID-19 and the Government's response to the crisis have resulted in negative cash flows from operating activities for the GGS of $180 million. When this is added to the net investments in non-financial assets of $6.061 billion, the cash deficit totals $6.241 billion, compared to a cash surplus in 2019 of $302 million.

The TSS recorded net cash outflows from operating activities for the 2019-20 financial year of $113 million. After net investments in non-financial assets of $9.217 billion, the resulting cash deficit is $10.65 billion, compared to a $2.475 billion cash deficit for 2018-19.

2019–20
Audited Information

Queensland General Government and
Whole of Government Consolidated
Financial Statements
30 June 2020

Queensland
Government

Operating Statement for Queensland
for the Year Ended 30 June 2020

	Notes	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Continuing Operations					
Revenue from Transactions					
Taxation revenue	3	14,585	14,165	14,146	13,870
Grants revenue	4	27,641	28,307	27,571	28,239
Sales of goods and services	5	5,618	5,783	17,674	18,707
Interest income	6	2,076	2,191	935	1,678
Dividend and income tax equivalent income	7	1,929	2,784	14	13
Other revenue	8	5,915	6,598	6,425	7,113
Total Revenue from Transactions		**57,764**	**59,828**	**66,766**	**69,621**
Expenses from Transactions					
Employee expenses	9	25,660	24,019	27,710	25,877
Superannuation expenses					
Superannuation interest cost	48	354	653	349	641
Other superannuation expenses	10	3,183	3,012	3,446	3,258
Other operating expenses	11	17,087	16,480	22,751	21,611
Depreciation and amortisation	12	4,033	3,451	6,779	6,051
Other interest expense	13	1,486	1,581	3,868	4,177
Grants expenses	14	11,695	9,647	11,061	9,098
Total Expenses from Transactions		**63,498**	**58,843**	**75,965**	**70,713**
Net Operating Balance from Continuing Operations		**(5,734)**	**985**	**(9,199)**	**(1,092)**
Other Economic Flows - Included in Operating Result *					
Gains/(losses) on sale of assets/settlement of liabilities	15	(22)	42	916	346
Revaluation increments/(decrements) and impairment (losses)/reversals	16	(3,385)	(307)	(3,157)	1,919
Asset write-downs	17	(253)	(167)	(265)	(191)
Actuarial adjustments to liabilities	18	(411)	(398)	(364)	(687)
Deferred income tax equivalents		(809)	(70)	-	-
Dividends and tax equivalents treated as capital returns	19	74	102	-	-
Other	20	(209)	(20)	(2,119)	(4,349)
Total Other Economic Flows - Included in Operating Result		**(5,015)**	**(819)**	**(4,989)**	**(2,962)**
Operating Result from Continuing Operations		**(10,749)**	**166**	**(14,188)**	**(4,054)**
Other Economic Flows - Other Movements in Equity **					
Adjustments to opening balances ***		(94)	(377)	(94)	(377)
Revaluations ****	21	3,714	6,034	5,694	6,070
Other ****	22	-	-	-	1
Total Other Economic Flows - Other Movements in Equity		**3,620**	**5,657**	**5,600**	**5,694**
Comprehensive Result/Total Change in Net Worth		**(7,129)**	**5,823**	**(8,588)**	**1,640**
KEY FISCAL AGGREGATES					
Net Operating Balance		**(5,734)**	**985**	**(9,199)**	**(1,092)**
Net Acquisition/(Disposal) of Non-Financial Assets					
Purchases of non-financial assets		6,291	5,764	9,483	8,485
Less Sales of non-financial assets		230	312	266	405
Less Depreciation		4,033	3,451	6,779	6,051
Plus Change in inventories		107	70	156	99
Plus Other movement in non-financial assets		1,289	1,121	1,464	1,221
Equals **Total Net Acquisition/(Disposal) of Non-Financial Assets**		**3,424**	**3,192**	**4,057**	**3,349**
Fiscal Balance		**(9,158)**	**(2,207)**	**(13,256)**	**(4,441)**

See next page for footnote

Operating Statement for Queensland
for the Year Ended 30 June 2020 continued

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Analysis of Other Economic Flows - Other Movements in Equity				
Adjustments to opening balances	(94)	(377)	(94)	(377)
Per AASB 7 *Financial Instruments: Disclosures,* 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	5,924	7,430	5,752	7,599
Increments/(decrements) on investments	(1,754)	(75)	-	-
Actuarial gains/(losses) on defined benefit superannuation plans (net of tax)	(653)	(1,269)	(717)	(1,331)
Other	-	-	-	1
Total items that will not be reclassified subsequently to Operating Result	**3,517**	**6,087**	**5,035**	**6,269**
Items that may be reclassified subsequently to Operating Result				
Increments/(decrements) on cash flow hedges (net of tax)	192	(64)	654	(209)
Increments/(decrements) on financial assets at fair value through other comprehensive income	5	11	5	11
Total items that may be reclassified subsequently to Operating Result when certain conditions are met	**197**	**(53)**	**659**	**(198)**
Total Other Economic Flows - Other Movements in Equity	**3,620**	**5,657**	**5,600**	**5,694**

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

* Other economic flows - included in operating result includes fair value gains / losses from financial assets and liabilities held at fair value through profit or loss.

** Other economic flows - other movements in equity includes fair value gains / losses from financial assets and liabilities held at fair value through other comprehensive income.

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

**** Refer to page 5-2 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.

Balance Sheet for Queensland
as at 30 June 2020

	Notes	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Assets					
Financial Assets					
Cash and deposits	23	1,205	1,868	3,045	2,291
Receivables and loans					
Receivables	24(a)	4,490	4,515	4,781	4,575
Advances paid	24(b)	1,280	667	1,274	661
Loans paid	24(c)	383	206	11,205	10,171
Securities other than shares	25(a)	29,197	32,351	60,955	61,585
Shares and other equity investments					
Investments in public sector entities	25(b)	21,560	23,007	-	-
Investments in other entities	25(c)	6	1	276	297
Investments accounted for using the equity method	26(a)	157	149	166	149
Total Financial Assets		**58,278**	**62,763**	**81,703**	**79,729**
Non-Financial Assets					
Inventories	28	671	604	1,398	1,253
Assets held for sale	29	159	158	175	173
Investment properties	30	340	353	654	671
Property, plant and equipment	32	221,309	209,588	283,372	271,746
Intangibles	33	828	816	1,684	1,555
Deferred tax asset		6,122	6,204	-	-
Other non-financial assets	34	778	464	923	597
Total Non-Financial Assets		**230,207**	**218,186**	**288,205**	**275,996**
Total Assets		**288,485**	**280,950**	**369,908**	**355,725**
Liabilities					
Payables	35	5,729	5,135	6,743	6,496
Employee benefit obligations					
Superannuation liability	36(a)	27,808	27,609	27,656	27,346
Other employee benefits	36(b)	8,327	7,427	9,353	8,396
Deposits held	37(a)	-	-	7,185	5,233
Advances Received	37(b)	1,845	2,692	354	424
Borrowing with QTC	37(c)	37,570	29,468	-	-
Leases and other loans	37(d)	6,499	2,612	7,396	2,965
Securities and derivatives	37(e)	198	121	115,027	102,786
Deferred tax liability		1,074	528	-	-
Provisions	38	4,788	3,488	11,979	9,163
Other liabilities	39	917	1,008	1,700	1,813
Total Liabilities		**94,754**	**80,089**	**187,392**	**164,621**
Net Assets		**193,731**	**200,861**	**182,516**	**191,104**
Net Worth					
Accumulated surplus		76,926	88,281	65,352	79,276
Reserves		116,805	112,579	117,164	111,828
Total Net Worth		**193,731**	**200,861**	**182,516**	**191,104**
KEY FISCAL AGGREGATES					
Net Financial Worth		(36,476)	(17,325)	(105,689)	(84,892)
Net Financial Liabilities		58,036	40,332	105,689	84,892
Net Debt		14,046	(198)	53,482	36,700

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 2020

	Opening Balance	Adjustments to Opening Balances [1]	Comprehensive Result for Period [1]			Closing Balance
			Movements	Transfers / Entity Cessation	Actuarial Gain / Loss on Superannuation	
	$M	$M	$M	$M	$M	$M
2020						
Accumulated surplus [2]	88,281	32	(10,749)	15	(653)	76,926
Revaluation reserve - financial assets [3]	15,630	(50)	(1,558)	(5)	-	14,017
Revaluation reserve - non-financial assets [4]	96,837	(76)	5,925	(14)	-	102,671
Other reserves	112	-	-	4	-	117
Total equity at the end of the financial year	**200,861**	**(94)**	**(6,382)**	**-**	**(653)**	**193,731**

	Opening Balance	Adjustments to Opening Balances [1]	Comprehensive Result for Period [1]			Closing Balance
			Movements	Transfers / Entity Cessation	Actuarial Gain / Loss on Superannuation	
	$M	$M	$M	$M	$M	$M
2019						
Accumulated surplus [5]	89,002	345	166	36	(1,269)	88,281
Revaluation reserve - financial assets [6]	16,491	(722)	(128)	(11)	-	15,630
Revaluation reserve - non-financial assets [7]	89,438	-	7,430	(31)	-	96,837
Other reserves	107	-	-	6	-	112
Total equity at the end of the financial year	**195,038**	**(377)**	**7,469**	**-**	**(1,269)**	**200,861**

Statement of Changes in Net Assets (Equity) for Queensland Total State Sector
for the Year Ended 30 June 2020 continued

Notes:

1. 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.

The following notes relate to current year opening balance adjustments to equity:

2. The current year accumulated surplus opening balance has increased by $32 million primarily as a result of the adoption of AASB 16 *Leases* and AASB 15 *Revenue from Contracts with Customers*.
3. The current year financial asset revaluation reserve opening balance has decreased by $50 million. This is the change in the GGS' Net Worth in relation to the fair valuation of the Public Non-financial and Public Financial sectors.
4. The current year non-financial asset revaluation reserve opening balance has decreased by $76 million, due to the initial adoption of AASB 16.

The following notes relate to prior year adjustments to equity:

5. The opening accumulated surplus has increased by $345 million, mainly as a result of the fair value adjustment to the fixed rate notes asset with QTC and other investments on adoption of AASB 9 *Financial Instruments*, partly offset by the revaluation of Defined Benefit superannuation balances. The movement in actuarial loss on superannuation for the period includes a prior year decrease of $170 million which is due to an actuarial revision to Defined Benefit assets.
6. The financial asset revaluation reserve opening balance has decreased by $722 million, reflecting the change in GGS' Net Worth after the fair value adjustment to the QTC fixed rate note. The movement in the financial asset revaluation reserve for the period includes a prior year adjustment to GGS' Net Worth, mainly in relation to a decrease of $42 million in the value of the Public Non-financial Corporations Sector infrastructure.
7. The movement in the revaluation reserve for non-financial assets for 2018-19 of $7.43 billion mainly relates to land under roads and roads infrastructure. This flows through to the Total State Sector.

Statement of Changes in Net Assets (Equity) for Queensland Total State Sector for the Year ended 30 June 2020 continued

	Opening Balance	Adjustments to Opening Balances [1]	Comprehensive Result for Period[1]			Closing Balance
			Movements	Transfers / Entity Cessation	Actuarial Gain / Loss on Superannuation [2]	
	$M	$M	$M	$M	$M	$M
2020						
Accumulated surplus [3]	79,276	(8)	(14,188)	989	(717)	65,352
Revaluation reserve - financial assets [4]	753	(10)	659	(5)	-	1,396
Revaluation reserve - non-financial assets [5]	109,177	(76)	5,752	(451)	-	114,401
Other reserves	1,898	-	-	(532)	-	1,366
Total equity at the end of the financial year	**191,104**	**(94)**	**(7,777)**	**-**	**(717)**	**182,516**

	Opening Balance	Adjustments to Opening Balances [1]	Comprehensive Result for Period[1]			Closing Balance
			Movements	Transfers / Entity Cessation	Actuarial Gain / Loss on Superannuation [2]	
	$M	$M	$M	$M	$M	$M
2019						
Accumulated surplus [6]	84,851	(314)	(4,054)	124	(1,331)	79,276
Revaluation reserve - financial asset [7]	1,025	(63)	(198)	(11)	-	753
Revaluation reserve - non-financial assets [8]	101,667	-	7,599	(89)	-	109,177
Other reserves	1,921	-	-	(23)	-	1,898
Total equity at the end of the financial year	**189,464**	**(377)**	**3,347**	**-**	**(1,331)**	**191,104**

Statement of Changes in Net Assets (Equity) for Queensland Total State Sector for the Year Ended 30 June 2020 continued

Notes:

1. 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.

2. Refer to Note 48 - Retirement Benefit Obligations.

The following notes relate to current year opening balance adjustments to equity:

3. The current year accumulated surplus opening balance has decreased by $8 million primarily as a result of the adoption of AASB 16 *Leases* and AASB 15 *Revenue from Contracts with Customers*.

4. The current year financial asset revaluation reserve opening balance has decreased by $10 million, due to tax implications from the adoption of AASB 16.

5. The current year non-financial asset revaluation reserve opening balance has decreased by $76 million, due to the initial adoption of AASB 16

The following notes relate to prior year adjustments to equity:

6. The opening accumulated surplus has decreased by $314 million, mainly as a result of the revaluation of Defined Benefit superannuation balances, partly offset by the effect of the adoption of AASB 9 *Financial Instruments* on investments and derivatives. The movement in actuarial loss on superannuation for the period includes a prior year decrease of $170 million which is due to an actuarial revision to Defined Benefit assets.

7. The financial asset revaluation reserve opening balance has decreased by $63 million, due to changes to the valuation of derivatives following the adoption of AASB 9.

8. The movement in the revaluation reserve for non-financial assets includes a prior year decrease of $42 million, mainly in relation to changes in value of the Public Non-financial Corporations Sector infrastructure.

Cash Flow Statement for Queensland
for the Year Ended 30 June 2020

	Notes	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Cash Flows from Operating Activities					
Cash received					
Taxes received		13,870	14,127	13,460	13,836
Grants and subsidies received		28,841	28,572	28,772	28,503
Sales of goods and services		6,055	5,982	20,539	21,014
Interest receipts		1,997	2,173	932	1,677
Dividends and income tax equivalents		2,756	3,025	14	13
Other receipts		7,048	8,035	7,579	8,523
		60,567	**61,914**	**71,297**	**73,568**
Cash paid					
Payments for employees		(29,332)	(27,348)	(31,562)	(29,379)
Payments for goods and services		(19,019)	(17,844)	(24,632)	(23,551)
Grants and subsidies paid		(10,928)	(9,391)	(10,580)	(9,078)
Interest paid		(1,460)	(1,568)	(3,840)	(4,163)
Other payments		(8)	(9)	(796)	(836)
		(60,747)	**(56,160)**	**(71,410)**	**(67,008)**
Net Cash Flows from Operating Activities	40(a)	**(180)**	**5,754**	**(113)**	**6,560**
Cash Flows from Investing Activities					
Non-Financial Assets					
Purchases of non-financial assets		(6,291)	(5,764)	(9,483)	(8,485)
Sales of non-financial assets		230	312	266	405
		(6,061)	**(5,452)**	**(9,217)**	**(8,079)**
Financial Assets (Policy Purposes)					
Equity acquisitions		(100)	(270)	-	-
Equity disposals		76	164	2	2
Advances and concessional loans paid		(1,102)	(165)	(1,101)	(164)
Advances and concessional loans received		184	113	183	112
		(941)	**(158)**	**(916)**	**(51)**
Financial Assets (Liquidity Purposes)					
Purchases of investments		(2,356)	(2,817)	(44,225)	(50,475)
Sales of investments		6,747	3,735	45,609	52,147
		4,391	**918**	**1,383**	**1,671**
Net Cash Flows from Investing Activities		**(2,611)**	**(4,691)**	**(8,750)**	**(6,459)**
Cash Flows from Financing Activities					
Cash received					
Advances received		2,627	3,070	8	2
Proceeds of borrowing		3,710	174	581	688
Deposits received		-	-	1,975	1,117
Other financing (including interest bearing liabilities)		-	-	62,306	54,042
		6,337	**3,245**	**64,871**	**55,849**
Cash paid					
Advances paid		(3,473)	(3,127)	(72)	(42)
Borrowing repaid		(735)	(615)	(2,075)	(1,104)
Deposits withdrawn		-	-	(24)	(583)
Other financing (including interest bearing liabilities)		-	-	(53,083)	(53,135)
		(4,208)	**(3,741)**	**(55,254)**	**(54,864)**
Net Cash Flows from Financing Activities		**2,128**	**(497)**	**9,617**	**985**
Net Increase/(Decrease) in Cash and Deposits Held		**(663)**	**566**	**754**	**1,086**
Cash and deposits at the beginning of the financial year		1,868	1,302	2,291	1,205
Cash and Cash Equivalents Held at the End of the Financial Year	23	**1,205**	**1,868**	**3,045**	**2,291**

Cash Flow Statement for Queensland
for the Year Ended 30 June 2020 continued

		General Government		Total State	
		2020	2019	2020	2019
	Notes	$M	$M	$M	$M
KEY FISCAL AGGREGATES					
Net Cash from Operating Activities		(180)	5,754	(113)	6,560
Net Cash Flow from Investments in Non-Financial Assets		(6,061)	(5,452)	(9,217)	(8,079)
CASH SURPLUS/(DEFICIT)		**(6,241)**	**302**	**(9,330)**	**(1,520)**
Derivation of ABS GFS Cash Surplus/Deficit					
Cash surplus/(deficit)		(6,241)	302	(9,330)	(1,520)
Acquisitions under finance leases and similar arrangements		(1,263)	(955)	(1,320)	(955)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements		**(7,503)**	**(653)**	**(10,650)**	**(2,475)**

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.

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 (PNFC), Public Financial Corporations (PFC) 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 10 *Consolidated Financial Statements* and AASB 9 *Financial Instruments.* 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 PNFC and the 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 Queensland Government 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 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 entities within each sector have been eliminated in the sector. The financial impact of inter-sector transactions and balances is also disclosed 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.

1. Basis of financial statements preparation continued

(c) Sectors continued

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.

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 TSS 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 2019-20

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

AASB 15 and AASB 1058 became effective from 2019-20. AASB 15 introduces a new revenue recognition model for revenue from contracts with customers, which also applies to the State's licence revenue. AASB 1058 provides the framework for revenue recognition when the State acquires an asset for significantly less than fair value principally to enable the State to further its objectives, and to the receipt of volunteer services.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(e) New and changed accounting standards *continued*

Accounting standards applied for the first time in 2019-20 *continued*

<u>AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*</u> *continued*

Transitional policies adopted are as follows:

- The State applied both standards using the modified retrospective method and has not restated comparative information for 2018-19. They continue to be reported under AASB 118 *Revenue,* AASB 1004 *Contributions,* AASB 111 *Construction Contracts* and related interpretations. The cumulative effect of applying the new standards is recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019;
- The State elected to apply both standards retrospectively to all contracts, including completed contracts, at 1 July 2019;
- In respect of AASB 15, the State applied a practical expedient to reflect, on transition, the aggregate effect of all contract modifications that had occurred before 1 July 2019; and
- In respect of AASB 1058, the State applied a practical expedient to not remeasure at fair value assets previously acquired for significantly less than fair value and originally recorded at cost.

The following summarises the State's transitional impact of AASB 15 and AASB 1058 on 1 July 2019.

- $54 million increase in Other liabilities (unearned revenue and contract liabilities) due to grants received in advance by GGS agencies that are under enforceable agreements and contain sufficiently specific performance obligations to transfer goods or services to third parties, or to construct or acquire an asset to be retained by the agency. These grants were previously recognised as revenue upfront but under the new standards are recognised as or when the performance obligations are satisfied;
- $46 million increase in Other liabilities due to AASB 15 requiring a higher threshold to be met for the recognition of variable consideration such as investment performance fees;
- $19 million increase in Other liabilities due to the existence of significant financing components associated with upfront payments of revenue for the provision of electricity transmission connection services;
- $35 million decrease in Other liabilities due to differences between when the performance obligations are satisfied under AASB 15 and when revenue was recognised previously under AASB 118;
- $12 million decrease in Other liabilities due to income deferred under previous standards now assessed as being in scope of AASB 1058 and recognised upfront; and
- Reclassification of accrued revenue and unearned revenue existing at 30 June 2019 that relate to contracts with customers to contract assets and contract liabilities respectively. Other than reclassifications, there were no material changes to receivables or contract assets on transition.

The net increase in Other liabilities on transition was $72 million.

Grants that are not enforceable and/or not sufficiently specific do not qualify for deferral and continue to be recognised as revenue as soon as they are controlled. The State receives a number of grants from the Australian Government for which there are no sufficiently specific performance obligations. These grants continue to be recognised as revenue upfront.

New disclosures required by the standards are disclosed in Notes 4 and 5.

<u>AASB 16 *Leases*</u>

AASB 16 became effective from 2019-20. AASB 16 requires lessees to recognise a right-of-use (ROU) 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. This includes former operating leases that were not recognised on balance sheet under the previous standard AASB 117 *Leases.*

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(e) New and changed accounting standards *continued*

Accounting standards applied for the first time in 2019-20 *continued*

AASB 16 *Leases* *continued*

Transitional policies adopted are as follows:

– The State applied AASB 16 using the modified retrospective method and has not restated comparative information for 2018-19, which continue to be reported under AASB 117 and related interpretations. The cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019.

– The State applied practical expedients available in the standard, including:

  - not reassessing whether existing contracts contain leases and instead grandfathering the previous assessments made under AASB 117 and Interpretation 4;
  - not recognising right-of-use assets and lease liabilities for leases that end within 12 months of 1 July 2019 and leases of low value assets; and
  - using hindsight when determining the lease term.

The following summarises the State's transitional impact of adoption of AASB 16 on 1 July 2019.

– Reclassification of finance lease assets and finance lease liabilities existing at 30 June 2019 to right-of-use assets and lease liabilities, with the exception of finance leases that will be service concession arrangements under AASB 1059 *Service Concession Arrangements: Grantors* in 2020-21. Remeasurement of finance lease assets on transition resulted in a $76 million decrease to the asset revaluation surplus;

– Recognition of an additional $2.29 billion right-of-use assets and $2.68 billion lease liabilities for the GGS, and $2.73 billion right-of-use assets and $3.16 billion lease liabilities for the TSS;

– $75 million increase to lease receivables following remeasurement on transition; and

– Derecognition of prepaid and accrued lease balances existing at 30 June 2019.

Reconciliation of operating lease commitments at 30 June 2019 to lease liabilities at 1 July 2019

	Total State *$M*
Operating lease commitments at 30 June 2019 (refer Note 41)	**3,587**
Discounted using weighted average incremental borrowing rate at 1 July 2019 (1.73%)	(297)
Add: Finance lease liabilities recognised at 30 June 2019 (refer Note 41)	1,879
(Less): Remeasurement of finance lease liabilities on transition	(209)
(Less): Short-term leases and leases of low value assets excluded from liability	(27)
Add: Uncommitted options reasonably certain to be exercised	176
Add/(Less): Other adjustments	(66)
Lease liabilities at 1 July 2019	**5,042**

No other standards applied for the first time in 2019-20 had a material impact on the State's financial statements.

1. Basis of financial statements preparation continued

(e) New and changed accounting standards *continued*

Future impact of accounting standards not yet effective

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

AASB 1059 *Service Concession Arrangements: Grantors*

AASB 1059 will become effective in 2020-21. 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 estimated future impacts of AASB 1059 are summarised below.

– 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, primarily toll roads and tunnels, will be brought onto the balance sheet for the first time, resulting in an increase of approximately $6 billion in service concession assets and $5 billion in unearned revenue liabilities; and

– 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 either as leased assets and finance lease liabilities or as Property, Plant and Equipment and loans. Under AASB 1059, the classification of these assets and liabilities may change for some arrangements. Also, compared to leases, 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 2020.

(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.

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 2020.

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 at fair value through other comprehensive income 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.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(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;
  - term deposits are measured at amortised cost;
  - securities and bonds and investments in other public sector entities within GGS are measured at fair value through other comprehensive income (FVTOCI); and
  - 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;
  - lease liabilities, advances, interest bearing deposits and GGS loans from QTC are measured at amortised cost; and
  - 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*; and
  - 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, the national Redress Scheme 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. Refer Notes 36 and 38.

(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.

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 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.

1. Basis of financial statements preparation continued

(j) Commonwealth taxation and income tax equivalents continued

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.

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 the operating result and other movements in equity, other than transactions with owners as owners.

Financial asset

A financial asset is any asset that is:

– cash;

– an equity instrument of another entity;

– a contractual right:

  (a) to receive cash or another financial asset from another entity; or

  (b) 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:

  (a) 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

(b) 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.

1. Basis of financial statements preparation continued

(l) Key GFS technical terms continued

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 less 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.

(m) Significant financial impacts from the COVID-19 pandemic

The outbreak of the novel coronavirus disease (COVID-19) was declared by the World Health Organisation as a global pandemic on 11 March 2020. The Queensland Government has put in measures to support Queenslanders’ health, jobs and businesses in response to the COVID-19 pandemic and the resulting global economic downturn.

The pandemic has had significant financial impacts on the State in 2019-20 due to implementation of health responses, economic stimulus packages and reductions in revenue. Major impacts are summarised below.

1. Basis of financial statements preparation continued

(m) Significant financial impacts from the COVID-19 pandemic continued

Additional expenditure incurred

– The cost of health services increased by $347 million from COVID-19 specific expenses, which are included in employee expenses in Note 9 and/or supplies and services in Note 11. This expenditure is covered by additional funding received from the Commonwealth Government.

– The State provided $404 million in electricity rebates under the Household Utility Assistance Package to Queensland residential households ($200 rebate per household) and $86 million in rebates under the Power Bill Relief Package for small and medium business enterprises with consumption less than 100,000 KWh ($500 rebate per business). The rebates to householder are included in other expenses within Note 11 and the rebates to businesses are included in grants expenses in Note 14.

– The State provided $393 million in payroll tax refunds for 2 months and $71 million in land tax rebates of 25% on eligible properties (included in recurrent grants in Note 14).

– The State incurred $47 million in quarantine expenses and additional policing costs.

Additional revenue received

– Queensland Health received $345 million of COVID-19 related funding from the Commonwealth Government's National Health Funding Pool (included in Note 4).

Income lost or foregone

– Revenue foregone by the State includes $112 million in payroll tax as a result of offering a payroll tax holiday for a 3-month period from January to March 2020, and $158 million in land tax due to a waiver of 2% land tax surcharge for foreign entities. This is in addition to the payroll tax refunds and land tax rebates mentioned above. Refer to Note 3.

– Fare revenue earned by the Department of Transport and Main Roads is $88 million lower than expected due to reduced passenger transport patronage. Refer to Note 5.

– $47 million revenue was lost on various events, exhibitions, courses and programs that were cancelled due to the pandemic.

– The State provided $28 million in rent relief and other waived fees. Refer to Note 5.

– There have been material reductions in investment returns due to the global economic downturn, however the amount of income lost specifically attributable to COVID-19 cannot be reliably quantified.

Increases in advances paid

– Through the Queensland Rural and Industry Development Authority, the State issued $928 million of concessional COVID-19 Jobs Support Loans from March to June 2020. The State incurred a $185 million fair value loss on recognition and an impairment loss of $103 million on these loans. (Refer to Note 24(e))

Reductions in asset values

– Government-owned corporations in the electricity sector reported material impairments of electricity assets partly stemming from the impact of COVID-19, which is contributing to subdued electricity prices, lower demand, falling fuel costs and increased available generation. Details of impairment losses are disclosed in Note 16.

– The State recorded additional impairment losses on receivables and loans due to COVID-19. While the total amount of credit losses arising from the pandemic is unknown, increases in impairment include $103 million on COVID-19 Jobs Support Loans (as mentioned above) and $24 million on receivables from electricity customers, refer to Notes 16 and 24(e).

– There have been material reductions in the fair value of the State's investments due to the global economic downturn, however the amount of losses specifically attributable to COVID-19 cannot be reliably quantified. The State's investments are disclosed in Note 25.

Increases in debt

– The State's overall debt has increased significantly as a result of the additional expenses and lost revenue arising from the pandemic. However, the amount of the increase that is specifically attributable to COVID-19 cannot be reliably quantified. The State's debt is disclosed in Note 37.

1. Basis of financial statements preparation continued

(m) Significant financial impacts from the COVID-19 pandemic continued

Other impacts

- In response to COVID-19, the State Government announced a new payment policy to assist suppliers with the financial impact of the pandemic. Government agencies have been ordered to pay suppliers as soon as possible after the goods or services are received and following receipt of a tax invoice. This has reduced the balance of trade creditors as at 30 June 2020. Refer Note 35.
- The State Penalties Enforcement Registry has not commenced enforcement action for outstanding fees and fines from 19 March 2020. There have been no new driver licence suspensions, fine collections from wages or bank accounts, vehicle immobilisations or seizures of property.
- Certain tax receivables recognised at 30 June 2020 are deferred from collection until January 2021. This includes $428 million of payroll tax for the 2020 calendar year, deferred for 6 months and $49 million of gaming machine tax, deferred for 3 months. Refer Note 24(a)

As the COVID-19 pandemic and economic downturn are ongoing events, there will be further significant financial impacts in the 2020-21 financial year.

2. Disaggregated information

Operating Statement

	General Government* 2020 $M	General Government* 2019 $M	Public Non-financial Corporations* 2020 $M	Public Non-financial Corporations* 2019 $M	Public Financial Corporations* 2020 $M	Public Financial Corporations* 2019 $M	Consolidation Adjustments 2020 $M	Consolidation Adjustments 2019 $M	Total State 2020 $M	Total State 2019 $M
Continuing Operations										
Revenue from Transactions										
Taxation revenue	14,585	14,165	-	-	-	-	(439)	(294)	14,146	13,870
Grants revenue	27,641	28,307	646	605	1	-	(717)	(673)	27,571	28,239
Sales of goods and services	5,618	5,783	12,359	13,060	2,429	2,360	(2,732)	(2,497)	17,674	18,707
Interest income	2,076	2,191	87	80	3,398	4,349	(4,626)	(4,942)	935	1,678
Dividend and income tax equivalent income	1,929	2,784	14	13	-	-	(1,928)	(2,784)	14	13
Other revenue	5,915	6,598	482	497	76	63	(48)	(44)	6,425	7,113
Total Revenue from Transactions	**57,764**	**59,828**	**13,589**	**14,256**	**5,904**	**6,772**	**(10,491)**	**(11,235)**	**66,766**	**69,621**
Expenses from Transactions										
Employee expenses	25,660	24,019	2,087	1,877	371	366	(409)	(385)	27,710	25,877
Superannuation expenses										
Superannuation interest cost	354	653	(5)	(12)	-	-	-	-	349	641
Other superannuation expenses	3,183	3,012	237	223	26	24	-	-	3,446	3,258
Other operating expenses	17,087	16,480	5,129	5,080	2,991	2,284	(2,456)	(2,233)	22,751	21,611
Depreciation and amortisation	4,033	3,451	2,719	2,585	28	15	-	-	6,779	6,051
Other interest expense	1,486	1,581	1,776	1,860	5,564	5,893	(4,959)	(5,157)	3,868	4,177
Grants expenses	11,695	9,647	(19)	26	103	99	(717)	(673)	11,061	9,098
Other property expenses	-	-	737	948	32	36	(769)	(985)	-	-
Total Expenses from Transactions	**63,498**	**58,843**	**12,662**	**12,587**	**9,115**	**8,716**	**(9,310)**	**(9,432)**	**75,965**	**70,713**
Net Operating Balance from Continuing Operations	**(5,734)**	**985**	**927**	**1,669**	**(3,211)**	**(1,944)**	**(1,180)**	**(1,802)**	**(9,199)**	**(1,092)**
Other Economic Flows - Included in Operating Result										
Gains/(losses) on sale of assets/settlement of liabilities	(22)	42	21	2	918	302	-	-	916	346
Revaluation increments/(decrements) and impairment (losses)/reversals	(3,385)	(307)	(1,639)	153	1,867	2,074	-	-	(3,157)	1,919
Asset write-downs	(253)	(167)	(4)	(4)	(8)	(19)	-	-	(265)	(191)
Actuarial adjustments to liabilities	(411)	(398)	-	-	47	(289)	-	-	(364)	(687)
Deferred income tax equivalents	(809)	(70)	609	95	200	(25)	-	-	-	-
Dividends and tax equivalents treated as capital returns	74	102	-	-	-	-	(74)	(102)	-	-
Other	(209)	(20)	69	(67)	(521)	(79)	(1,459)	(4,183)	(2,119)	(4,349)
Total Other Economic Flows - Included in Operating Result	**(5,015)**	**(819)**	**(944)**	**179**	**2,503**	**1,963**	**(1,533)**	**(4,285)**	**(4,989)**	**(2,962)**

* See Note 1(c) for explanation of sectors

2. Disaggregated information continued

Operating Statement continued

	General Government*		Public Non-financial Corporations*		Public Financial Corporations*		Consolidation Adjustments		Total State	
	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M
Operating Result from Continuing Operations	**(10,749)**	**166**	**(17)**	**1,848**	**(709)**	**19**	**(2,713)**	**(6,088)**	**(14,188)**	**(4,054)**
Other Economic Flows - Other Movements in Equity										
Adjustments to opening balances	(94)	(377)	(19)	18	(22)	(722)	40	704	(94)	(377)
Revaluations	3,714	6,034	216	(48)	5	6	1,759	77	5,694	6,070
Other	-	-	-	1	-	-	-	-	-	1
Total Other Economic Flows - Other Movements in Equity	**3,620**	**5,657**	**197**	**(29)**	**(17)**	**(715)**	**1,800**	**781**	**5,600**	**5,694**
Comprehensive Result/Total Change in Net Worth	**(7,129)**	**5,823**	**180**	**1,819**	**(726)**	**(696)**	**(914)**	**(5,307)**	**(8,588)**	**1,640**
Transactions With Owners In Their Capacity as Owners										
Ordinary dividends provided or paid	-	-	(1,086)	(1,694)	(94)	(109)	1,180	1,802	-	-
Dividends treated as capital returns paid or provided	-	-	(74)	(102)	-	-	74	102	-	-
Equity injections/(withdrawals)	-	-	353	585	-	-	(353)	(585)	-	-
Total Transactions With Owners In Their Capacity as Owners	**-**	**-**	**(807)**	**(1,211)**	**(94)**	**(109)**	**901**	**1,320**	**-**	**-**
Total Change In Net Worth	**(7,129)**	**5,823**	**(627)**	**609**	**(820)**	**(805)**	**(12)**	**(3,987)**	**(8,588)**	**1,640**
KEY FISCAL AGGREGATES										
Net Operating Balance	**(5,734)**	**985**	**927**	**1,669**	**(3,211)**	**(1,944)**	**(1,180)**	**(1,802)**	**(9,199)**	**(1,092)**
Net Acquisition/(Disposal) of Non-Financial Assets										
Purchases of non-financial assets	6,291	5,764	3,156	2,687	17	24	19	10	9,483	8,485
Less Sales of non-financial assets	230	312	36	33	-	61	-	-	266	405
Less Depreciation	4,033	3,451	2,719	2,585	28	15	-	-	6,779	6,051
Plus Change in inventories	107	70	50	29	-	-	-	-	156	99
Plus Other movement in non-financial assets	1,289	1,121	170	100	4	-	-	-	1,464	1,221
Equals **Total Net Acquisition/(Disposal) of Non-Financial Assets**	**3,424**	**3,192**	**621**	**198**	**(7)**	**(51)**	**19**	**10**	**4,057**	**3,349**
Fiscal Balance	**(9,158)**	**(2,207)**	**306**	**1,471**	**(3,204)**	**(1,893)**	**(1,200)**	**(1,812)**	**(13,256)**	**(4,441)**

* See Note 1(c) for explanation of sectors

2. Disaggregated information continued

Balance Sheet

	*General Government**		*Public Non-financial Corporations**		*Public Financial Corporations**		*Consolidation Adjustments*		*Total State*	
	2020	*2019*	*2020*	*2019*	*2020*	*2019*	*2020*	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Assets										
Financial Assets										
Cash and deposits	1,205	1,868	889	704	2,604	1,674	(1,654)	(1,954)	3,045	2,291
Receivables and loans										
Receivables	4,490	4,515	1,484	1,874	323	372	(1,515)	(2,186)	4,781	4,575
Advances paid	1,280	667	1,491	2,268	-	-	(1,497)	(2,275)	1,274	661
Loans paid	383	206	112	113	98,389	87,185	(87,679)	(77,333)	11,205	10,171
Securities other than shares	29,197	32,351	1,675	529	56,301	58,052	(26,217)	(29,346)	60,955	61,585
Shares and other equity investments										
Investments in public sector entities	21,560	23,007	-	-	-	-	(21,560)	(23,007)	-	-
Investments in other entities	6	1	270	297	-	-	-	-	276	297
Investments accounted for using the equity method	157	149	9	-	-	-	-	-	166	149
Total Financial Assets	**58,278**	**62,763**	**5,930**	**5,785**	**157,617**	**147,282**	**(140,122)**	**(136,100)**	**81,703**	**79,729**
Non-Financial Assets										
Inventories	671	604	726	649	-	-	-	-	1,398	1,253
Assets held for sale	159	158	15	15	-	-	-	-	175	173
Investment properties	340	353	314	318	-	-	-	-	654	671
Property, plant and equipment	221,309	209,588	61,928	62,068	136	90	(1)	(1)	283,372	271,746
Intangibles	828	816	807	694	49	46	-	-	1,684	1,555
Deferred tax asset	6,122	6,204	908	477	167	51	(7,197)	(6,732)	-	-
Other non-financial assets	778	464	211	160	12	12	(79)	(39)	923	597
Total Non-Financial Assets	**230,207**	**218,186**	**64,910**	**64,382**	**364**	**199**	**(7,276)**	**(6,772)**	**288,205**	**275,996**
Total Assets	**288,485**	**280,950**	**70,840**	**70,166**	**157,981**	**147,481**	**(147,398)**	**(142,872)**	**369,908**	**355,725**

* See Note 1(c) for explanation of sectors

2. Disaggregated information continued

Balance Sheet continued

	General Government*		Public Non-financial Corporations*		Public Financial Corporations*		Consolidation Adjustments		Total State	
	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M
Liabilities										
Payables	5,729	5,135	2,210	3,396	252	121	(1,449)	(2,156)	6,743	6,496
Employee benefit obligations										
Superannuation liability	27,808	27,609	(152)	(263)	-	-	-	-	27,656	27,346
Other employee benefits	8,327	7,427	911	830	115	138	-	-	9,353	8,396
Deposits held	-	-	13	14	8,826	7,173	(1,654)	(1,954)	7,185	5,233
Advances Received	1,845	2,692	6	6	-	-	(1,497)	(2,275)	354	424
Borrowing with QTC	37,570	29,468	38,894	38,108	-	-	(76,464)	(67,576)	-	-
Leases and other loans	6,499	2,612	492	-	405	353	-	-	7,396	2,965
Securities and derivatives	198	121	1,315	599	139,739	131,412	(26,224)	(29,346)	115,027	102,786
Deferred tax liability	1,074	528	6,093	6,084	29	119	(7,196)	(6,731)	-	-
Provisions	4,788	3,488	1,299	1,000	5,956	4,709	(64)	(34)	11,979	9,163
Other liabilities	917	1,008	791	796	68	45	(76)	(36)	1,700	1,813
Total Liabilities	**94,754**	**80,089**	**51,871**	**50,570**	**155,389**	**144,070**	**(114,622)**	**(110,108)**	**187,392**	**164,621**
Net Assets	**193,731**	**200,861**	**18,969**	**19,596**	**2,592**	**3,412**	**(32,777)**	**(32,764)**	**182,516**	**191,104**
Net Worth										
Contributed equity	-	-	8,633	8,280	640	640	(9,273)	(8,920)	-	-
Accumulated surplus	76,926	88,281	(1,363)	(104)	670	957	(10,881)	(9,859)	65,352	79,276
Reserves	116,805	112,579	11,699	11,420	1,282	1,814	(12,623)	(13,985)	117,164	111,828
Total Net Worth	**193,731**	**200,861**	**18,969**	**19,596**	**2,592**	**3,412**	**(32,777)**	**(32,764)**	**182,516**	**191,104**
KEY FISCAL AGGREGATES										
Net Financial Worth	(36,476)	(17,325)	(45,941)	(44,786)	2,228	3,212	(25,500)	(25,993)	(105,689)	(84,892)
Net Financial Liabilities	58,036	40,332	NA	NA	NA	NA	NA	NA	105,689	84,892
Net Debt	14,046	(198)	36,552	35,114	(8,325)	(7,972)	11,209	9,757	53,482	36,700

* See Note 1(c) for explanation of sectors

2. Disaggregated information continued

Cashflow Statement

	General Government*		Public Non-financial Corporations*		Public Financial Corporations*		Consolidation Adjustments		Total State	
	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M
Cash Flows from Operating Activities										
Cash received										
Taxes received	13,870	14,127	-	-	-	-	(409)	(291)	13,460	13,836
Grants and subsidies received	28,841	28,572	643	610	1	-	(714)	(678)	28,772	28,503
Sales of goods and services	6,055	5,982	14,582	15,010	2,667	2,534	(2,766)	(2,512)	20,539	21,014
Interest receipts	1,997	2,173	88	80	3,398	4,305	(4,550)	(4,881)	932	1,677
Dividends and income tax equivalents	2,756	3,025	14	13	-	-	(2,756)	(3,025)	14	13
Other receipts	7,048	8,035	373	395	140	111	17	(18)	7,579	8,523
	60,567	**61,914**	**15,701**	**16,110**	**6,206**	**6,950**	**(11,178)**	**(11,406)**	**71,297**	**73,568**
Cash paid										
Payments for employees	(29,332)	(27,348)	(2,219)	(2,032)	(420)	(384)	409	385	(31,562)	(29,379)
Payments for goods and services	(19,019)	(17,844)	(6,307)	(6,393)	(1,764)	(1,550)	2,458	2,235	(24,632)	(23,551)
Grants and subsidies paid	(10,928)	(9,391)	(263)	(266)	(103)	(99)	714	678	(10,580)	(9,078)
Interest paid	(1,460)	(1,568)	(1,771)	(1,856)	(5,462)	(5,832)	4,853	5,094	(3,840)	(4,163)
Other payments	(8)	(9)	(1,471)	(1,487)	(182)	(412)	865	1,072	(796)	(836)
	(60,747)	**(56,160)**	**(12,030)**	**(12,035)**	**(7,931)**	**(8,277)**	**9,299**	**9,464**	**(71,410)**	**(67,008)**
Net Cash Flows from Operating Activities	**(180)**	**5,754**	**3,671**	**4,074**	**(1,725)**	**(1,326)**	**(1,879)**	**(1,942)**	**(113)**	**6,560**
Cash Flows from Investing Activities										
Non-Financial Assets										
Purchases of non-financial assets	(6,291)	(5,764)	(3,156)	(2,687)	(17)	(24)	(19)	(10)	(9,483)	(8,485)
Sales of non-financial assets	230	312	36	33	-	61	-	-	266	405
	(6,061)	**(5,452)**	**(3,120)**	**(2,654)**	**(17)**	**37**	**(19)**	**(10)**	**(9,217)**	**(8,079)**
Financial Assets (Policy Purposes)										
Equity acquisitions	(100)	(270)	-	-	-	-	100	270	-	-
Equity disposals	76	164	(74)	-	-	-	-	(162)	2	2
Advances and concessional loans paid	(1,102)	(165)	(2,603)	(3,066)	-	-	2,604	3,067	(1,101)	(164)
Advances and concessional loans received	184	113	3,384	3,089	-	-	(3,385)	(3,090)	183	112
	(941)	**(158)**	**707**	**22**	**-**	**-**	**(682)**	**85**	**(916)**	**(51)**
Financial Assets (Liquidity Purposes)										
Purchases of investments	(2,356)	(2,817)	(35)	(57)	(43,864)	(49,672)	2,029	2,071	(44,225)	(50,475)
Sales of investments	6,747	3,735	5	135	40,905	51,179	(2,049)	(2,902)	45,609	52,147
	4,391	**918**	**(29)**	**77**	**(2,959)**	**1,506**	**(19)**	**(831)**	**1,383**	**1,671**
Net Cash Flows from Investing Activities	**(2,611)**	**(4,691)**	**(2,442)**	**(2,555)**	**(2,975)**	**1,543**	**(721)**	**(756)**	**(8,750)**	**(6,459)**

* See Note 1(c) for explanation of sectors

2. Disaggregated information continued

Cashflow Statement continued

	*General Government**		*Public Non-financial Corporations**		*Public Financial Corporations**		*Consolidation Adjustments*		*Total State*	
	2020	*2019*	*2020*	*2019*	*2020*	*2019*	*2020*	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Cash Flows from Financing Activities										
Advances received (net)	(847)	(56)	5	(1)	-	-	778	17	(64)	(40)
Proceeds of borrowing (net)	2,975	(440)	733	411	(5,203)	(384)	1	(2)	(1,494)	(416)
Dividends paid (net)	-	-	(1,799)	(1,849)	(109)	(110)	1,907	1,959	-	-
Deposits received (net)	-	-	(1)	(1)	1,652	1,062	300	(526)	1,951	534
Other financing (net)	-	-	19	44	9,291	140	(87)	723	9,223	907
Net Cash Flows from Financing Activities	**2,128**	**(497)**	**(1,043)**	**(1,397)**	**5,631**	**708**	**2,900**	**2,171**	**9,617**	**985**
Net Increase/(Decrease) in Cash and Deposits Held	**(663)**	**566**	**186**	**123**	**931**	**924**	**300**	**(527)**	**754**	**1,086**
Cash and deposits at the beginning of the financial year	1,868	1,302	704	581	1,674	749	(1,954)	(1,427)	2,291	1,205
Cash and Cash Equivalents Held at the End of the Financial Year	**1,205**	**1,868**	**889**	**704**	**2,604**	**1,674**	**(1,654)**	**(1,954)**	**3,045**	**2,291**
KEY FISCAL AGGREGATES										
Net Cash from Operating Activities	(180)	5,754	3,671	4,074	(1,725)	(1,326)	(1,879)	(1,942)	(113)	6,560
Net Cash Flow from Investments in Non-Financial Assets	(6,061)	(5,452)	(3,120)	(2,654)	(17)	37	(19)	(10)	(9,217)	(8,079)
Dividends Paid	-	-	(1,799)	(1,849)	(109)	(110)	1,907	1,959	-	-
CASH SURPLUS/(DEFICIT)	**(6,241)**	**302**	**(1,248)**	**(429)**	**(1,850)**	**(1,400)**	**9**	**8**	**(9,330)**	**(1,520)**

* See Note 1(c) for explanation of sectors

Notes to the Financial Statements

3. Taxation revenue

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Stamp Duties				
Transfer	3,041	3,195	3,024	3,195
Motor vehicles	533	555	533	555
Insurance	1,016	956	1,016	956
Other duties	34	37	34	37
	4,624	4,743	4,607	4,743
Payroll tax	4,211	4,160	4,086	4,044
Vehicle registration fees	1,910	1,850	1,908	1,848
Gaming taxes and levies	1,258	1,333	1,258	1,333
Land tax	1,406	1,334	1,382	1,313
Fire levy	562	541	562	541
Guarantee fees	272	156	-	-
Other taxes*	341	48	341	48
	14,585	**14,165**	**14,146**	**13,870**

* For 2020, other taxes includes the waste disposal levy.

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

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Commonwealth				
General purpose payments				
GST revenue grants	12,761	14,332	12,761	14,332
Other general purpose payments	34	42	35	43
Specific purpose payments	8,758	8,042	8,760	8,055
National partnership payments	2,064	2,254	2,064	2,254
Grants for on-passing to non-Queensland Government entities	3,658	3,262	3,658	3,262
	27,274	27,932	27,278	27,946
Other				
Other grants	232	234	130	131
Industry/community contributions	135	141	163	162
	367	375	293	293
	27,641	**28,307**	**27,571**	**28,239**

Commonwealth and other grants are recognised as revenue when the State obtains control over the grant, usually upon receipt. Where the grant is enforceable and contains sufficiently specific performance obligations for the State to transfer goods or services, revenue is recognised as and when the obligations are satisfied.

4. Grants revenue continued

Specific purpose payments include $4.4 billion (2019: $4.2 billion) of activity based funding for health services received from the Commonwealth Government's National Health Funding Pool. This funding is assessed as sufficiently specific and enforceable and is classified as revenue from contracts with customers. Substantially all the performance obligations under this funding contract are satisfied in the same financial year that the funding is received, through health services delivered by Queensland Health. A contract liability of $48 million (2019: nil) is recognised in Unearned Revenue (refer Note 39) at year end, reflecting unfulfilled performance obligations. The State does not have other material grants revenue that are revenue from contracts with customers.

5. Sales of goods and services

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
User charges				
Sale of goods and services	3,402	3,712	14,973	16,139
Rental income	642	565	706	658
	4,044	4,277	15,679	16,797
Fees				
Transport and other licences and permits	837	814	837	814
Other regulatory fees	738	692	1,159	1,096
	1,574	1,506	1,996	1,910
	5,618	**5,783**	**17,674**	**18,707**

Revenue from sales of goods and services and licences are recognised when the State satisfies performance obligations for the transfer of goods or services to the customer. 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).

Sales of goods and services includes revenue from contracts with customers totalling $4.9 billion for the GGS and $15.1 billion for the TSS. Below are details about the nature and timing of the satisfaction of performance obligations and related revenue recognition policies for the State's major types of revenue from contracts with customers.

Public transport fares

Fare revenue is recognised as the services are provided to the customer and the performance obligations are met.

Electricity sales

Wholesale revenue is recognised at a point in time when the electricity is dispatched to the National Electricity Market and measured using the output method based on electricity meterage.

Retail sales revenue is recognised either at a point in time when the electricity is dispatched to the customer or over time where there are a series of performance obligations in the contract. Progress is measured based on units of electricity delivered (output method).

Payment terms on invoices to customers are usually 10 business days.

Network tariffs

Network tariffs, also known as network use of system (NUOS) charges, are billed to electricity retailers, to be passed onto customers, based on a combination of customers' energy consumption, demand, capacity and fixed charges at the Australian Energy Regulator approved prices.

The performance obligation is to provide customers with access to the network and revenue is recognised as it is invoiced, based on consumption. Revenue is recognised over time as customers simultaneously receive and consume energy delivered to their premises. Payment terms for network billings to the majority of customers are 10 business days.

5. Sales of goods and services continued

Water sales

Revenue from bulk water sales to distributor retailers is recognised monthly based on the actual megalitres supplied to the grid customer during the calendar month.

The unit price per megalitre is in accordance with the Ministerial set price. Terms and conditions for the monthly water billing are set out in the Bulk Water Supply Agreements between Seqwater and the distributor retailers.

Port cargo handling charges

The performance obligation is to provide cargo handling services over the contract period. Revenue is recognised over time based on tonnage processed and payment is generally due upon completion of cargo handling services based under general trading terms. To the extent that customers carry forward unused take-or-pay, revenue is deferred until such time that the tonnes have been utilised by the customers.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Revenue from regulatory fees is recognised when the taxable event giving rise to the receivable occurs.

6. Interest income

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Interest on fixed rate notes	1,825	1,880	-	-
Distributions from managed funds	58	109	350	523
Other interest	194	203	585	1,155
	2,076	**2,191**	**935**	**1,678**

7. Dividend and income tax equivalent income

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Dividends	1,180	1,803	14	13
Income tax equivalents	748	981	-	-
	1,929	**2,784**	**14**	**13**

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

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Royalties	4,496	5,216	4,496	5,216
Land rents	190	162	190	163
Donations, gifts and services received at below fair value	168	129	169	129
Contributed assets	230	236	347	336
Fines	406	458	406	458

Other	425	397	816	811
	5,915	**6,598**	**6,425**	**7,113**

8. **Other revenue** continued

Royalties are 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.

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

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Salaries and wages	22,540	21,020	24,517	22,807
Annual leave	2,059	1,965	2,232	2,121
Long service leave	598	576	668	649
Workers' compensation	275	263	8	7
Other employee related expenses	188	195	285	292
	25,660	**24,019**	**27,710**	**25,877**

10. Other superannuation expenses

(refer Note 48 for additional disclosures)

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Accumulation contribution	2,219	1,994	2,452	2,209
Defined benefit service cost	964	1,018	995	1,050
	3,183	**3,012**	**3,446**	**3,258**

11. Other operating expenses

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Supplies and services	12,869	13,203	17,349	18,105
Transport service contract	1,795	1,777	-	-
WorkCover Qld and other claims	1,242	738	4,445	2,876
Other expenses	1,181	762	958	631
	17,087	**16,480**	**22,751**	**21,611**
Audit fees charged by the Queensland Audit Office to entities included in these financial statements amounted to:	14	14	19	20

12. Depreciation and amortisation

	General Government		Total State	
	2020	2019	2020	2019
	$M	$M	$M	$M
Depreciation and amortisation expenses for the financial year were charged in respect of:				
Buildings	1,669	1,557	1,797	1,670
Infrastructure	1,011	1,050	3,107	3,088
Major plant and equipment	8	7	56	59
Other Plant and equipment	569	562	873	866
Heritage and cultural assets	39	37	39	37
ROU assets	605	101	676	102
Software development	133	137	258	253
Capitalised depreciation expense	-	-	(25)	(25)
	4,033	**3,451**	**6,779**	**6,051**

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), over 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.

Right-of-use assets are depreciated over the lease term, except where the State expects to obtain ownership of the asset at the end of the lease, in which case depreciation is over the useful life of the underlying 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.

12. Depreciation and amortisation continued

The following provides an indication of the estimated useful lives of the different non-financial asset classes held by the State:

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

13. Other interest expense

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Interest	1,270	1,439	3,650	4,042
Lease finance charges	191	117	200	117
Other	26	25	18	17
	1,486	**1,581**	**3,868**	**4,177**

Interest and other finance charges are recognised as expenses in the period in which they are incurred.

14. Grants expenses

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Grants - recurrent	9,278	7,188	9,186	7,147
Grants - capital	1,636	1,638	1,603	1,603
Grants to first home owners	96	131	96	131
Personal benefit payments	177	218	177	218
Community service obligations	508	472	-	-
	11,695	**9,647**	**11,061**	**9,098**

15. Gains/(losses) on sale of assets/settlement of liabilities

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Financial assets/settlement of liabilities				
Financial assets at FVTOCI	1	14	1	14
Derivatives	-	-	158	(250)
Other investments/settlement of liabilities	(14)	14	765	594
	(12)	27	924	358
Non-financial assets				
Non-financial assets	(9)	16	(21)	(12)
Intangibles	(1)	(1)	-	-
	(10)	15	(21)	(12)
Environmental certificates/obligations	-	-	12	-

(22)	**42**	**916**	**346**

Notes to the Financial Statements

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

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Revaluation increments/(decrements)				
Financial assets				
Derivatives	(76)	-	(260)	(42)
Fixed rate notes	(3,109)	(311)	-	-
Other investments (mainly managed funds)	(88)	8	(1,504)	1,914
	(3,274)	(303)	(1,764)	1,871
Non-financial assets				
Investment property	(14)	2	(15)	6
Other non-current assets	-	-	(3)	(40)
Intangibles	-	-	-	210
	(14)	2	(17)	177
Environmental certificates/obligations	-	-	(14)	19
Self generating and regenerating assets	3	3	3	3
Impairment (losses)/reversals				
Receivables and loans	(94)	(4)	(152)	(27)
Assets held for sale	(4)	(4)	(6)	(4)
Non-financial assets	-	-	(1,198)	(44)
Intangible assets	(1)	-	(9)	(75)
	(99)	(9)	(1,365)	(151)
	(3,385)	**(307)**	**(3,157)**	**1,919**

At each reporting date, an assessment is undertaken as to whether there are any indications that an asset is impaired. 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 of non-financial assets

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.

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.

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

Impairment of non-financial assets continued

Impairment - electricity generators *continued*

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.

Negative sentiment related to COVID-19 combined with the increase in renewable generation has seen large falls in the forward contract market. Stanwell's year end valuation assessment of its generation assets has resulted in an impairment of $720 million due to a reduction in the future earning potential of generation assets for the Tarong Precinct. Net impairments for Stanwell in the previous year totalled $101 million.

CS Energy recognised an impairment of assets at its Callide B and C cash generating units of $354 million as a result of decline in energy prices.

CleanCo Queensland recognised an impairment loss of $35 million representing a write down of Swanbank Power Station to its estimated recoverable amount.

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.

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

Impairment for financial assets is determined on the basis of lifetime expected credit losses based on reasonable and supportable forward-looking information that is available without undue cost or effort. Expected credit losses are a probability weighted estimate of the present value of the difference between the cash flows that are due to the entity and the cash flows it expects to receive. Lifetime expected credit losses refers to the expected credit losses that result from all possible default events over the expected life of the financial asset.

Significant judgement is applied in determining the effects of future changes to macroeconomic factors (e.g. economic growth, unemployment, household debt levels, etc.) on the measurement of expected credit losses.

The amount of expected credit losses (or reversal) is recognised in profit or loss as an impairment gain or loss.

The Queensland Rural and Industry Development Authority recognised a $103 million impairment loss relating to the administration of COVID-19 Jobs Support Loans Scheme. Also refer to Notes 1(m) and 24(e).

17. Asset write-downs

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Bad debts written off not previously impaired	(154)	(147)	(162)	(165)
Inventory write-down (net)	(79)	(7)	(80)	(9)
Other assets written off/scrapped	(20)	(13)	(24)	(16)

(253)	**(167)**	**(265)**	**(191)**

Notes to the Financial Statements

18. Actuarial adjustments to liabilities

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Long service leave - gains/(losses)	(477)	(320)	(477)	(320)
Insurances and other - gains/(losses)	66	(79)	113	(368)
	(411)	**(398)**	**(364)**	**(687)**

19. Dividends and tax equivalents treated as capital returns

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Dividends	**74**	**102**	**-**	**-**

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 2019-20 or 2018-19.

Dividends and tax equivalents treated as capital returns from the PNFC and PFC sectors are eliminated in the TSS.

20. Other economic flows - included in operating result – other

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Net market value interest revenue/(expense)	-	-	(1,980)	(4,262)
Time value adjustments	(214)	(15)	(273)	(47)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	(2)	1	(2)	1
Onerous contracts expense	-	-	138	(24)
Other economic flows not elsewhere classified	8	(6)	(2)	(16)
	(209)	**(20)**	**(2,119)**	**(4,349)**

21. Other economic flows - other movements in equity - revaluations

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Revaluations of financial assets - increments/(decrements)				
Financial assets at FVTOCI	5	-	5	-
Available-for-sale financial assets	-	11	-	11
Investments in Public Sector entities	(1,754)	(75)	-	-
Cash flow hedges	192	(64)	654	(209)
	(1,558)	(128)	659	(198)
Revaluations of non-financial assets - increments/(decrements)				
Property, plant and equipment	5,925	7,430	5,752	7,599
Actuarial gain/(loss) on defined benefit superannuation plans	(653)	(1,268)	(717)	(1,331)
	3,714	**6,034**	**5,694**	**6,070**

22. Other economic flows - other movements in equity – other

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Equity transfers and adjustments including those from ceased entities	-	-	-	1

23. Cash and deposits

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Cash	179	368	3,015	2,257
Deposits on call	13	10	30	34
QTC cash funds	1,013	1,490	-	-
	1,205	**1,868**	**3,045**	**2,291**
Reconciliation to Cash Flow Statement				
Balances per Cash Flow Statement	**1,205**	**1,868**	**3,045**	**2,291**

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 include 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 Loans - other on the Balance Sheet.

24. Receivables and loans

(a) Receivables

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Current				
Trade debtors	940	1,081	2,338	2,755
Interest receivable	146	71	11	13
GST input tax credits receivable	256	253	289	286
Dividends and guarantee fees receivable	1,180	1,877	-	-
Royalties and land rents revenue receivable	36	21	36	21
Taxes receivable	984	299	988	303
Income tax equivalents receivable	53	150	-	-
Other receivables	1,437	1,216	1,379	1,316
	5,031	4,968	5,040	4,694
Less: Loss Allowance	613	565	698	608
	4,418	**4,403**	**4,342**	**4,086**
Non-current				
Trade debtors	23	49	296	329
Other	75	92	174	194
	98	141	470	523
Less: Loss Allowance	26	29	31	34
	72	**112**	**439**	**489**

4,490	**4,515**	**4,781**	**4,575**

24. Receivables and loans continued

(b) Advances paid

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Current				
Advances	124	169	123	168
Less: Loss Allowance	13	10	13	10
	111	**159**	**110**	**158**
Non-current				
Advances	1,278	513	1,275	508
Less: Loss Allowance	109	4	110	6
	1,169	**508**	**1,164**	**502**
	1,280	**667**	**1,274**	**661**

(c) Loans paid

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Current				
Finance leases	15	7	19	9
Other loans	20	20	20	27
	35	**27**	**39**	**35**
Non-current				
Onlendings	-	-	10,710	9,852
Finance leases	210	56	318	161
Other loans	138	123	138	123
	348	**180**	**11,166**	**10,135**
	383	**206**	**11,205**	**10,171**

Receivables and loans are initially measured at fair value plus any directly attributable transaction costs. Subsequently, receivables and loans (except onlendings by QTC) are recorded at amortised cost using the effective interest method less any loss allowances. 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).

Advances and 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.

24. Receivables and loans continued

(d) Contractual maturities of lease receivables

Finance lease receivables due:

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Not later than 1 year	19	8	28	14
Later than 1 year but not later than 2 years	16	7	36	14
Later than 2 year but not later than 3 years	16	7	24	14
Later than 3 year but not later than 4 years	15	6	22	12
Later than 4 year but not later than 5 years	25	6	21	12
Later than 5 years	160	34	330	210
	251	68	461	277
Less: Future finance revenue	25	4	124	106
	225	**64**	**337**	**170**

Minimum operating lease receivable not recognised in the financial statements:

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Not later than 1 year	35	33	87	91
Later than 1 year but not later than 2 years	37	34	85	79
Later than 2 year but not later than 3 years	34	34	79	79
Later than 3 year but not later than 4 years	31	34	73	79
Later than 4 year but not later than 5 years	29	34	63	79
Later than 5 years	194	304	873	992
	360	**473**	**1,260**	**1,400**

(e) Impairment of receivables and loans

The loss allowances for receivables reflect lifetime expected credit losses, while the loss allowances for loans and advances reflect either 12-month expected credit losses or lifetime expected credit losses depending on whether there has been a significant increase in credit risk.

Expected credit loss calculations incorporate both historical credit loss data and reasonable and supportable forward-looking information. Forward-looking information includes forecast economic changes expected to impact the State’s debtors, along with relevant industry and statistical data where applicable. At 30 June 2020, the initial impact of COVID-19 is reflected in the forward-looking rates applied in the estimate of credit losses. The full impact of COVID-19 is expected to emerge in the next 6 to 12 months, when additional information is obtained on the viability of the State’s debtors.

Loss allowances for receivables are assessed by agencies either individually by debtor or on a collective basis using provision matrices. Where a provision matrix is used, loss rates are determined separately for groupings of customers with similar loss patterns.

Areas of significant credit risk concentrations for the GGS and TSS are unpaid penalties and fines within the State Penalties Enforcement Registry (SPER), outstanding claims recoverable from licensees by the Queensland Building and Construction Commission (QBCC) and COVID-19 Jobs Support Loans issued by the Queensland Rural and Industry Development Authority (QRIDA).

SPER penalties and fines and QBCC claims receivables both exhibit high credit loss rates due to their nature. QBCC insurance claims are recoverable from at-fault builders who, in the majority of cases, have ceased trading due to bankruptcy or insolvency.

24. Receivables and loans continued

(e) Impairment of receivables and loans continued

The COVID-19 Jobs Support Loans scheme was launched in March 2020 and no repayments are required during the first year of the loan; as such there is no arrears data to calculate expected credit losses or to determine whether a significant increase in credit risk has occurred. In 2019-20, data from a subset of QRIDA's Disaster Recovery Loans was used as a proxy to approximate the credit losses on COVID-19 Jobs Support Loans. It is estimated that a proportion of the loan portfolio (10%) has had a significant increase in credit risk since origination. Security is taken for loans over $100,000, and whilst over 80% of the loans exceed $100,000 and are therefore secured, the form of security taken over business assets is considered limited and the opportunity to realise the security is not readily available.

The loss allowance for COVID-19 Jobs Support Loans is subject to significant estimation uncertainty due to its dependence on data that is not yet observable, the current economic environment, and the nature of the scheme. There is therefore a significant risk of a material adjustment to the carrying amount of the loans in the next financial year. These uncertainties are not expected to be resolved by 30 June 2021 as principal and interest repayments do not commence until March 2023.

Total State Sector
2020

	Gross receivables *$M*	*Average loss rate*	*Expected credit losses* *$M*	*Carrying amount* *$M*
Receivables				
SPER penalties and fines receivable	1,053	30.5%	322	732
QBCC Insurance Fund Group claims receivable	57	76.8%	44	13
Other receivables*	4,400	8.3%	364	4,036
	5,510		**729**	**4,781**
Advances paid				
QRIDA COVID-19 Job Support Loans receivable	756	13.7%	103	652
Other advances	642	3.1%	20	622
	1,398		**123**	**1,274**

* Other receivables include $478 million of payroll and gaming tax debts which have been deferred from collection until 2021. A loss rate of 2.6% has been applied to the receivables.

Total State Sector
2019

	Gross receivables *$M*	*Average loss rate*	*Expected credit losses* *$M*	*Carrying amount* *$M*
Receivables				
SPER penalties and fines receivable	1,037	31.3%	325	712
QBCC Insurance Fund Group claims receivable	104	89.4%	93	11
Other receivables	4,076	5.5%	224	3,852
	5,217		**642**	**4,575**
Advances paid				
Other advances	677	2.3%	16	661
	677		**16**	**661**

Notes to the Financial Statements

24. Receivables and loans continued

(e) Impairment of receivables and loans continued

The State typically considers a financial asset to be in default when it is over 90 days past due. However, debts referred to SPER are usually over 90 days past due, and SPER will continue enforcement activity on those debts as long as it is cost effective to do so. A financial asset can also be in default before becoming 90 days past due if information indicates that the State is unlikely to receive the outstanding amounts in full.

Where the State has no reasonable expectation of recovering an amount owed by a debtor, the debt is written off by directly reducing the receivable against the loss allowance. SPER debts are written off in accordance with internal policy guidelines when it becomes unlikely that the debts could be recovered cost-effectively. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Loss allowance as at 1 July	608	615	658	661
Amounts written off during the year	(121)	(104)	(137)	(125)
Increase/decrease in allowance recognised in operating result	273	97	331	122
Loss allowance as at 30 June	761	608	852	658

The increase in the allowance recognised in 2019-20 is mostly due to COVID-19 Jobs Support Loans.

25. Securities and shares

(a) Securities other than shares

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Current				
Term deposits and other investments held at amortised cost	94	56	175	108
Rental Purchase Plan	6	6	6	6
Securities/bonds	424	435	9,641	7,832
Fixed rate notes	3,225	2,999	-	-
Investments managed by QIC Limited*	1,338	1,358	6,941	6,304
Derivatives				
Derivatives - cash flow hedges	-	-	349	56
Other derivatives	-	4	685	271
Other	18	19	4,341	3,968
	5,105	**4,877**	**22,140**	**18,545**
Non-current				
Term deposits and other investments held at amortised cost	165	171	173	178
Rental Purchase Plan	180	181	180	181
Securities/bonds	-	-	7,895	8,990
Fixed rate notes	22,991	26,347	-	-
Investments managed by QIC Limited*	601	641	28,788	32,313
Derivatives				
Derivatives - cash flow hedges	-	-	240	8
Other derivatives	-	-	620	364
Other	155	134	921	1,008
	24,092	**27,474**	**38,816**	**43,040**
	29,197	**32,351**	**60,955**	**61,585**

25. Securities and shares continued

(a) Securities other than shares continued

* Total State investments managed by QIC Limited were allocated over the following categories:

	Total State 2020 $M	Total State 2019 $M
Cash	7,408	6,680
Fixed interest	6,205	5,552
Global equities	7,441	8,987
Property and infrastructure	5,652	7,230
Other	9,023	10,167
	35,729	**38,616**

(b) Investments in public sector entities

	General Government 2020 $M	General Government 2019 $M
General Government Sector investment in public sector entities	**21,560**	**23,007**

The GGS has equity investments in PNFCs and PFCs that are measured at fair value 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) Share investments in other entities that are not controlled or associated

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Current				
Shares at fair value through profit or loss	-	-	270	297
Non-current				
Shares at fair value through other comprehensive income	6	1	6	1
	6	**1**	**276**	**297**

Financial assets disclosed above are classified as either financial assets held at amortised cost, financial assets at fair value through other comprehensive income 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.

Financial assets at amortised cost

Term deposits are measured at amortised cost as the contractual cash flows represent solely payments of principal and interest, and the State holds the deposits with the objective of collecting all contractual cash flows.

25. Securities and shares continued

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets at FVOCI include equity instruments designated so upon initial recognition and debt instruments whose contractual cash flows represent solely payments of principal and interest and are held with the objective of both collecting contractual cash flows and selling the instruments. Financial assets at FVOCI are valued at fair value at balance date. Unrealised gains and losses are brought to account in equity and included as Other economic flows - other movements in equity on the Operating Statement.

Securities/bonds within GSS include corporate bonds, corporate notes and government bonds. These are measured at FVOCI as the GGS holds these investments for the purpose of both selling and collecting contractual cash flows.

The State has elected to measure at FVOCI certain share investments held for strategic purposes in entities that are not controlled or associated. For GGS, controlling investments in other public sector entities (PNFCs and PFCs) are also measured at FVOCI. The State has not disposed of any FVOCI equity investments during this reporting period.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include instruments designated so upon initial recognition and all other financial assets that are not measured at amortised cost or FVOCI. Financial assets at FVTPL are valued at fair value at balance date. Unrealised gains and losses are brought to account as Other economic flows included in operating result on the Operating Statement.

Under Rental Purchase Plan agreements and Pathways Shared Equity program, the State has a proportional interest in the underlying properties and those interests meet the definition of a financial instrument. They are measured at FVTPL with fair value being based on the net market value of the State's proportion of the underlying properties.

For GGS, fixed rate notes held with QTC are measured at FVTPL because the cash flows do not solely represent payments of principal and interest. Fixed rate notes are eliminated on consolidation of the TSS.

Other 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, 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.

(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:

Name of entity	*Principal activity*		*Ownership interest*		*Equity accounted amount*	
			2020 %	*2019 %*	*2020 $M*	*2019 $M*
General Government Sector						
Dumaresq-Barwon Border Rivers Commission	Water management	(i)	50	50	80	69
Translational Research Institute Trust	Medical research and education	(ii)	25	25	73	75
Aviation Australia Riyadh College of Excellence LLC	Aircraft technical and vocational training	(iii)	51	51	4	5
Investments under $1 million		(iv)			1	-
					157	**149**
Energy Queensland Limited	Electricity and network	(v)	22	-	9	-
Total State Sector					**166**	**149**

(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.

(iii) Aviation Australia Pty Ltd (AA) has a 51% shareholding in Aviation Australia Riyadh College of Excellence LLC (AARCOE). As AA is only entitled to 20% of the profits or losses of AARCOE, it is not considered a subsidiary.

(iv) The State has a 20% interest in Western Queensland Primary Care Collaborative Limited (WQPCC) and 36% interest in North Queensland Primary Health Network Limited (NQPHNL), both of which are companies limited by guarantee. WQPCC's purpose is to increase efficiency and effectiveness of health services in Western Queensland. NQPHNL's purpose is to work with health practitioners and providers to improve and coordinate Primary Health Care in North Queensland.

Through 5 Hospital and Health Services, the State has a 71.4% interest in Tropical Australia Academic Health Centre Limited (TAAH) which was established as a public company limited by guarantee on 3 June 2019 with the purpose of health advancement through the promotion of the study and research of health topics of special importance to people living in the tropics. The investment is not material and has not been treated as a subsidiary.

The State has a 50% interest in Southern Queensland Rural Health (SQRH) established to support nursing, midwifery, allied health students and health professionals to develop a high quality and highly skilled workforce across regional, rural and remote Southern Queensland.

(v) Energy Queensland Limited subscribed to 22% of Preference shares in Redback Technologies Holdings Pty Ltd, a company that manufactures smart solar storage and network management solutions.

26. Other investments continued

(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 $10 million in net assets and/or net revenue to the Balance Sheet or Operating Statement are as follows:

Department of Regional Development and Manufacturing

The Department of Regional Development and Manufacturing holds a 50% interest in a joint operation 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 operation with the Redland City Council to facilitate land development within the Toondah Harbour Priority Development Area.

Queensland Health

Queensland Health is a partner to the Australian e-Health Research Centre (AEHRC) joint operation under current agreement which runs to 30 June 2022.

Sunshine Coast Hospital and Health Service

The Sunshine Coast Hospital and Health Service has a 28.9% (2019: 28.9%) interest in the Sunshine Coast Health Institute (SCHI). TAFE Queensland, Griffith University and the University of the Sunshine Coast each have a 23.7% interest in the SCHI. SCHI's primary aims are to advance the education of trainee medical officers, nurses, midwives and other health care professionals, while providing outstanding patient care and extending research knowledge.

Metro North Hospital and Health Service

Metro North HHS has joint control over two arrangements, namely Herston Imaging Research Facility (HIRF) and the Oral Health Centre (OHC).

Total State Sector

Joint arrangements for the TSS include the GGS joint arrangements above, as well as the following:

CS Energy Limited

The following are the joint operations in which CS Energy Limited has an interest:

Name of entity	***Principal activity***	***Ownership interest***	
		2020	*2019*
		%	*%*
Callide Power Management Pty Ltd	Joint Operation Manager	50	50
Callide Power Trading Pty Ltd	Electricity Marketing Agent	50	50

CS Energy Limited has a 50% interest in Callide C Power Station through the unincorporated Callide Power Project Joint Venture and is entitled to 50% of the earnings generated by Alinta Energy Retail Sales Pty Ltd in the residential retail energy market in South East Queensland.

CleanCo Queensland Limited

CleanCo Queensland Limited has a 50% interest in Kogan North Joint Venture operation with the principal activities being exploration and production of gas.

27. Public private partnerships

In July 2017, the Australian Accounting Standards Board (AASB) issued AASB 1059 *Service Concession Arrangements: Grantors*. The Standard will be applied in 2020-21 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 PPPs are not recognised as assets or liabilities. Instead, the payments under these agreements are expensed systematically over the term of the agreements. Assets recognised under leasing arrangements are disclosed in Note 32, and a maturity analysis of future lease payments is disclosed in Note 46(b).

The following PPPs apply to both the GGS and TSS statements.

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.

The State will pay Aspire abatable, undissected service payments 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 is recognised as an asset with the corresponding recognition for future payments as a loan 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.

Construction work commenced in January 2014 and was finalised in January 2019. Under current arrangements the State paid 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.

The fair value of the buildings is recognised as an asset with the corresponding recognition for future payments as a loan liability. The land on which the schools are constructed is owned and recognised as an asset of the State.

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. The State pays abatable, undissected service payments to Axiom for the operation,

maintenance and provision of the precinct. At the expiry of the agreement 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 is recognised as an asset with the corresponding recognition for future payments as a loan liability.

Notes to the Financial Statements

27. Public private partnerships continued

Queensland Health and Hospital and Health Services (HHSs)

(a) Sunshine Coast University Hospital (SCUH)

In 2012, the State, represented by Queensland Health, entered into a 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, Sunshine Coast HHS (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 the building asset class in Note 32.

As part of the SCUH PPP, EH constructed two carparks on the SCUH site. These carparks are legally owned by the SCHHS and recorded in the building asset. The State has granted EH a licence to undertake carparking operations for the duration of the 25-year operating term which entitles EH to generate revenue from the operations themselves.

(b) Surgical, Treatment and Rehabilitation Service (STARS)

In 2017, the State, represented by the Department of Health, entered into a PPP with Australian Unity. Australian Unity's scope of work includes the construction of a new Surgical, Treatment and Rehabilitation Service (STARS). The land on which STARS will be developed is owned by the State and will be leased to Australian Unity for 99 years. The State is contractually obligated to occupy the STARS building upon completion (scheduled for late 2020) and will enter into a lease for an initial 20-year period, with an option to extend this lease by two periods of 10 years. No assets or liabilities are recognised at year end as the lease has not yet commenced.

(c) Public infrastructure facilities

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	Surgical, Treatment and Rehabilitation Service (STARS)	Australian Unity	20 years	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	Ramsay Health Care	20 years	September 1999
Sunshine Coast HHS	Sunshine Coast University Hospital Car Parks	Exemplar Health	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	Three Islands Pty Ltd	40 years	April 2002
Townsville HHS	Goodstart Early Learning	Three Islands Pty Ltd	40 years	September 2004

27. Public private partnerships continued

Queensland Health and Hospital and Health Services (HHSs) continued

(d) Co-location agreements

The State has also entered into a number of contractual arrangements (termed co-location 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.

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 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

In 1998, the State Government entered into a 35-year concession agreement with Airtrain Citylink Limited (Airtrain) to design, construct, maintain and operate the Brisbane Airport Rail Link (BARL), a public passenger rail system connecting the Queensland Rail City network to the Brisbane Domestic and International Airports. The BARL is currently in the maintaining and operating phase of the agreement after commencement of operations on 7 May 2001.

In return for collecting passenger fares, Airtrain must maintain, operate and manage the BARL for the period of the concession and also assume the demand and patronage risk for the concession period. At the end of this period, the agreement provides for Airtrain to transfer the BARL 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. The State does not recognise any assets associated with the arrangement.

(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.

27. Public private partnerships continued

***Transport and Main Roads** continued*

(b) <u>Gold Coast Light Rail - G:link</u> continued

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.

The State has begun preparation for the next stage of the Gold Coast Light Rail System to extend the light rail from Broadbeach South Station to Burleigh Heads. On behalf of the Queensland Government, GoldlinQ is leading a competitive tender process and a design and construction contractor is expected to be appointed by late 2020, with progress on major construction expected to commence in 2021.

(c) <u>Airport Link</u>

In June 2008, the State Government entered into a 45-year service concession arrangement with Bris Connections to design, construct and maintain the Airport Link toll road (Airport Link). In April 2016, Transurban Queensland assumed responsibility for Airport Link and now operates Airport Link 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 currently recognise any assets associated with the arrangement. At the end of the service concession period, Airport Link assets will be transferred at no cost to the State.

(d) <u>Gateway and Logan Motorways</u>

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.

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. By December 2019, all 75 train sets had been accepted and recognised on the Balance Sheet.

In March 2019, an amendment deed was signed to modify the trains in accordance with the *Disability Standards for Accessible Public Transport 2002*. Modifications to all 75 trains will be completed by 2024. The first modified train is planned to return to service in late 2020.

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 bypass opened to traffic in September 2019 and toll collection commenced in December 2019, with Transurban Queensland contracted to provide the tolling collection service on behalf of the State.

The State will make ongoing quarterly service payments over the 25-year operation and maintenance period, which includes repayment of the debt finance used to construct the bypass. Maintenance payments will be expensed during the relevant year.

At the expiry of the concession period, the State will retain ownership of the range crossing.

27. Public private partnerships continued

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, development lease, 99-year ground lease and a sub-lease from the developer for 15 years.

(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 2020, 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.

Cross River Rail Delivery Authority

On 4 April 2019, the Queensland Government announced the companies selected to build one of the key Cross River Rail Project works packages. The Tunnel, Stations and Development (TSD) PPP will be delivered by the Pulse consortium.

The TSD PPP will deliver the underground section of the project, including the tunnel from Dutton Park to Normanby and the construction of four new underground stations at Boggo Road, Woolloongabba, Albert Street and Roma Street.

The TSD package reached Financial Close on 1 July 2019 and is accounted for as a construction contract with a service outsourcing arrangement. The State is contracted to make payments between 2019-20 and 2049-50 covering the capital cost and financing of the TSD component, as well as maintenance.

The estimated net cash flows resulting from PPPs is reflected below:

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Inflows				
Not later than 1 year	78	88	78	88
Later than 1 year but not later than 5 years	343	277	343	277
Later than 5 years but not later than 10 years	447	404	447	404
Later than 10 years	772	428	772	428
	1,640	**1,198**	**1,640**	**1,198**
Outflows				
Not later than 1 year	(577)	(828)	(577)	(828)
Later than 1 year but not later than 5 years	(4,229)	(2,220)	(4,229)	(2,220)
Later than 5 years but not later than 10 years	(4,454)	(3,266)	(4,454)	(3,266)
Later than 10 years	(8,782)	(7,007)	(8,782)	(7,007)
	(18,042)	**(13,322)**	**(18,042)**	**(13,322)**
	(16,402)	**(12,124)**	**(16,402)**	**(12,124)**

Notes to the Financial Statements

28. Inventories

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Current				
Raw materials	16	14	450	408
Work in progress	3	47	30	68
Finished goods	172	70	260	153
Land held for resale	334	345	334	345
Inventories held for distribution	132	114	132	114
Assets formerly held for lease	9	10	9	10
Environmental certificates held for sale/surrender	-	-	97	69
Other	4	4	85	87
	671	**604**	**1,398**	**1,253**

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 nil 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 nil 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.

29. Assets held for sale

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Land	143	138	157	150
Buildings	17	20	18	20
Investment properties	-	1	-	2
Infrastructure	-	-	-	1
	159	**158**	**175**	**173**

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.

Notes to the Financial Statements

30. Investment properties

	General Government		Total State	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
At independent valuation	340	353	658	672
Less: Accumulated depreciation and impairment losses	-	-	4	1
Land, buildings and work in progress at independent valuation	**340**	**353**	**654**	**671**

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:

	General Government		Total State	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Rental Bond receipts held in managed funds restricted by legislation	871	881	871	881
Funding held for specific assistance programs approved under regulation	232	185	232	185
Cash and property, plant and equipment to be used for other specific purposes	224	209	228	213
	1,327	**1,274**	**1,331**	**1,279**

32. Property, plant and equipment

General Government Sector

	Gross		*Accumulated depreciation/impairment*		*Written down value*	
	2020	*2019*	*2020*	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*
Land	100,434	99,306	(11)	(11)	100,423	99,295
Buildings	62,835	59,089	(23,323)	(21,655)	39,512	37,435
Infrastructure	82,976	80,552	(20,860)	(23,261)	62,116	57,291
Major plant and equipment	85	99	(4)	(6)	81	93
Other plant and equipment	7,084	6,790	(4,231)	(3,976)	2,853	2,815
Heritage and cultural assets	2,284	2,204	(728)	(680)	1,557	1,524
ROU assets - Buildings *	4,264	2,525	(658)	(498)	3,605	2,026
ROU assets - Infrastructure and other *	3,282	2,285	(263)	(152)	3,020	2,133
Capital work in progress	8,142	6,976	-	-	8,142	6,976
	271,386	**259,827**	**(50,077)**	**(50,239)**	**221,309**	**209,588**

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	Land		*Buildings*		*Infrastructure*		*Major plant and equipment*	
	2020	*2019*	*2020*	*2019*	*2020*	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Carrying amount at beginning of year	99,295	94,135	37,435	36,584	57,291	56,213	93	70
Acquisitions	132	180	836	233	-	3	-	-
Disposals	(91)	(87)	(6)	(14)	(3)	(1)	-	-
Revaluation increments/(decrements)	1,029	4,951	1,148	1,373	3,634	971	(6)	(12)
Depreciation and amortisation	-	-	(1,669)	(1,557)	(1,011)	(1,050)	(8)	(7)
Net asset transfers	57	116	1,769	817	2,204	1,155	2	42
Carrying amount at end of year	**100,423**	**99,295**	**39,512**	**37,435**	**62,116**	**57,291**	**81**	**93**

* ROU assets refer to right of use assets.

32. **Property, plant and equipment** continued

General Government Sector continued

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below continued:

	Other Plant and equipment		*Heritage and cultural assets*		*ROU assets Buildings*		*ROU assets Infrastructure and other*	
	2020	*2019*	*2020*	*2019*	*2020*	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Carrying amount at beginning of year *	2,815	2,788	1,524	1,484	4,267	1,839	2,182	1,123
Acquisitions	390	324	3	8	304	42	1,227	913
Disposals	(18)	(27)	-	-	(2)	(1)	(50)	-
Revaluation increments/(decrements)	(1)	(1)	60	49	150	40	26	26
Depreciation and amortisation	(569)	(562)	(39)	(37)	(496)	(42)	(109)	(59)
Net asset transfers	235	293	8	21	(619)	148	(257)	130
Carrying amount at end of year	**2,853**	**2,815**	**1,557**	**1,524**	**3,605**	**2,026**	**3,020**	**2,133**

	Capital work in progress		*Total*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Carrying amount at beginning of year	6,976	4,311	**211,877**	**198,546**
Acquisitions	4,750	4,864	**7,642**	**6,567**
Disposals	(5)	(7)	**(173)**	**(137)**
Revaluation increments/(decrements)	-	-	**6,042**	**7,397**
Depreciation and amortisation	-	-	**(3,900)**	**(3,314)**
Net asset transfers	(3,578)	(2,193)	**(178)**	**530**
Carrying amount at end of year	**8,142**	**6,976**	**221,309**	**209,588**

* The carrying amount at the beginning of year for the 2020 ROU assets include operating leases now capitalised under AASB 16 *Leases*.

32. Property, plant and equipment continued

Total State Sector

	Gross		Accumulated depreciation/impairment		Written down value	
	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M
Land	102,872	101,598	(60)	(48)	102,812	101,550
Buildings	66,753	62,609	(25,200)	(23,346)	41,553	39,263
Infrastructure	169,261	165,939	(53,849)	(54,146)	115,412	111,793
Major plant and equipment	1,645	1,796	(818)	(907)	826	889
Other plant and equipment	12,074	11,589	(7,425)	(6,828)	4,649	4,761
Heritage and cultural assets	2,285	2,205	(728)	(680)	1,558	1,525
ROU assets - Buildings	4,837	2,525	(761)	(498)	4,076	2,026
ROU assets - Infrastructure and other	3,340	2,294	(290)	(161)	3,050	2,133
Capital work in progress	9,437	7,806	-	-	9,437	7,806
	372,503	**358,361**	**(89,131)**	**(86,615)**	**283,372**	**271,746**

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	Land		Buildings		Infrastructure		Major plant and equipment	
	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M	2020 $M	2019 $M
Carrying amount at beginning of year	101,550	96,550	39,262	38,382	111,793	109,737	889	894
Acquisitions	139	184	837	234	254	94	-	-
Disposals	(95)	(90)	(9)	(16)	(22)	(27)	-	-
Revaluation increments/ (decrements)	1,112	4,779	1,157	1,358	3,439	1,447	(35)	(39)
Impairment (losses)/reversals	(12)	3	(16)	-	(933)	(17)	-	-
Depreciation and amortisation	-	-	(1,797)	(1,670)	(3,107)	(3,088)	(56)	(59)
Net asset transfers	118	124	2,118	976	3,988	3,647	29	93
Carrying amount at end of year	**102,812**	**101,550**	**41,553**	**39,263**	**115,412**	**111,793**	**826**	**889**

32. Property, plant and equipment continued

Total State Sector continued

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below continued:

	Other Plant and equipment		*Heritage and cultural assets*		*ROU assets Buildings*		*ROU assets Infrastructure and other*	
	2020	*2019*	*2020*	*2019*	*2020*	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Carrying amount at beginning of year *	4,761	4,876	1,525	1,485	4,682	1,839	2,208	1,124
Acquisitions	445	372	3	8	351	42	1,238	913
Disposals	(37)	(41)	-	-	(2)	(1)	(50)	-
Revaluation increments/(decrements)	(2)	(100)	60	49	172	40	27	26
Impairment (losses)/reversals	(148)	(30)	-	-	(5)	-	-	-
Depreciation and amortisation	(873)	(866)	(39)	(37)	(560)	(42)	(116)	(59)
Net asset transfers	503	551	8	21	(563)	148	(257)	130
Carrying amount at end of year	**4,649**	**4,761**	**1,558**	**1,525**	**4,076**	**2,026**	**3,050**	**2,133**

	Capital work in progress		*Total*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Carrying amount at beginning of year	7,806	5,039	**274,476**	**259,924**
Acquisitions	7,360	7,287	**10,628**	**9,133**
Disposals	(5)	(15)	**(220)**	**(190)**
Revaluation increments/(decrements)	-	-	**5,929**	**7,560**
Impairment (losses)/reversals	(87)	-	**(1,200)**	**(44)**
Depreciation and amortisation	-	-	**(6,547)**	**(5,823)**
Net asset transfers	(5,638)	(4,505)	**306**	**1,186**
Carrying amount at end of year	**9,437**	**7,806**	**283,372**	**271,746**

* The carrying amount at the beginning of year for the 2020 ROU assets include operating leases now capitalised under AASB 16 *Leases*.

Notes to the Financial Statements

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.
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 *Property, Plant and Equipment*, 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 Fair Value Measurement, 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*.

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.

32. Property, plant and equipment continued

Recognition and measurement continued

Recording and valuation *continued*

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 included in the operating result. A decrease in the carrying amount on revaluation is charged as an other economic flow included in the operating result, 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.

Land under roads

The value included in the balance of land under roads is approximately $62.3 billion (2019: $61.8 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.

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.

Right-of-use (ROU) assets

The State applied AASB 16 *Leases* for the first time in 2019-20. Transitional policies and impacts are disclosed in Note 1(e).

Right-of-use assets, including those from concessionary leases, are measured at cost on initial recognition, and are subsequently measured using the cost model. Right-of-use assets are depreciated over the lease term, except where the State expects to obtain ownership of the asset at the end of the lease, in which case depreciation is over useful life of the underlying asset.

The State has elected not to recognise right-of-use assets arising from short-term leases and leases of low value assets. The lease payments are instead expensed on a straight-line basis over the lease term. An asset is considered low value if it is expected to cost less than $10,000 when new.

Where a contract contains both lease and non-lease components such as asset maintenance services, the State allocates the contractual payments to each component on the basis of their stand-alone prices, except for leases of plant and equipment, where the State accounts for them as a single lease component. This is also the case for accommodation leases where the base rent is 'all inclusive' as the non-lease component cannot be reliably measured.

The State has elected not to apply AASB 16 to finance leases that will be service concession arrangements under AASB 1059 *Service Concession Arrangements: Grantors* in 2020-21.

32. **Property, plant and equipment** continued

Right-of-use (ROU) assets continued

Details of major leasing activities

Commercial office accommodation	The State leases a portfolio of commercial accommodation, primarily through the Queensland Government Accommodation Office, represented by right-of-use assets (buildings). These leases are negotiated on an individual basis and contain a wide range of different terms and conditions in order to achieve the best whole of government outcome. The State is exposed to potential future increases in variable lease payments based on CPI or market rates, which make up approximately 5% of the portfolio and these are not included in the lease liability until they take effect. When adjustments to lease payments based on CPI or market rates do take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Extension options are included in the majority of office accommodation leases, however these are not included in the lease term assessed at commencement date due to the State not being reasonably certain that they will be used. In determining whether these options should be included in the lease term assessed at commencement date, the State considers its current office accommodation strategic plan and its history of exercising extension options. The lease term is reassessed if the State becomes reasonably certain that an extension option will be exercised. The lease agreements do not impose any covenants other than the security interests in the leased assets that may be held by the lessor.
Buildings on Deed of Grant in Trust land	The State has concessionary leases consisting of buildings on Deed of Grant in Trust land. These buildings are leased from a number of Aboriginal and Torres Strait Islander councils on below-market rental terms. The leases facilitate the construction and/or refurbishment of properties on communal land in accordance with the National Partnership on Remote Housing, entered into between the Australian Government and the Queensland Government. The State is responsible for construction, upgrades, maintenance and insurance of the properties and the use of the properties is restricted to social housing purposes. Prior to transition to AASB 16, these leases were classified as finance leases under the principles of AASB 117 *Leases*. On 1 July 2019, the carrying amounts of the finance lease assets were derecognised and right-of-use assets created after remeasurement from fair value to cost (decrease of $209 million).
Public private partnerships	A number of public private partnerships (PPPs) disclosed in Note 27 are currently accounted for as leases. These include the Gold Coast Light Rail - G:link, New Generation Rollingstock and Toowoomba Second Range Crossing. Details about these arrangements can be found in Note 27. When the new accounting standard AASB 1059 comes into effect in 2020-21, the Gold Coast Light Rail - G:link and Toowoomba Second Range Crossing PPPs will become service concession arrangements. The leased assets will be reclassified to service concession assets and will be measured at current replacement cost on transition.

Interest expense on lease liabilities is disclosed in Note 13. Cash outflows for leases are disclosed in Note 40(b). The State's expenses relating to short-term leases, leases of low value assets and variable lease payments are not material.

32. Property, plant and equipment continued

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 included in the operating result, 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.

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's 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

	Land		*Buildings*		*Infrastructure*		*Major plant and equipment*	
	2020 $M	*2019 $M*	*2020 $M*	*2019 $M*	*2020 $M*	*2019 $M*	*2020 $M*	*2019 $M*
Carrying amount at beginning of year	13,488	13,121	32,843	32,134	57,290	56,214	-	67
Acquisitions	5	5	835	235	-	3	-	-
Disposals	(28)	(65)	(78)	(7)	(3)	(1)	-	-
Revaluation increments/(decrements)	113	56	1,256	1,285	3,634	968	-	-
Depreciation and amortisation	-	-	(1,536)	(1,429)	(1,010)	(1,050)	-	-
Net asset transfers	132	371	2,037	625	2,204	1,155	-	(67)
Carrying amount at end of year	**13,710**	**13,488**	**35,357**	**32,843**	**62,115**	**57,290**	**-**	**-**

	Heritage and cultural assets		*Leased assets*		*Total*	
	2020 $M	*2019 $M*	*2020 $M*	*2019 $M*	*2020 $M*	*2019 $M*
Carrying amount at beginning of year	1,514	1,475	682	588	**105,817**	**103,598**
Acquisitions	7	11	-	81	**848**	**336**
Disposals	-	(12)	-	-	**(109)**	**(84)**
Revaluation increments/(decrements)	51	57	-	20	**5,054**	**2,385**
Depreciation and amortisation	(37)	(36)	-	(1)	**(2,584)**	**(2,516)**
Net asset transfers	7	19	(682)	(5)	**3,698**	**2,097**
Carrying amount at end of year	**1,542**	**1,514**	**-**	**682**	**112,723**	**105,817**

32. Property, plant and equipment continued

Level 3 fair value reconciliation continued

Total State Sector

	Land		*Buildings*		*Infrastructure*		*Major plant and equipment*	
	2020 $M	*2019 $M*	*2020 $M*	*2019 $M*	*2020 $M*	*2019 $M*	*2020 $M*	*2019 $M*
Carrying amount at beginning of year	14,702	14,299	34,741	34,013	111,745	109,706	796	891
Acquisitions	5	5	840	237	250	109	-	-
Disposals	(30)	(66)	(82)	(9)	(21)	(34)	-	-
Revaluation increments/(decrements)	110	78	1,264	1,275	3,438	1,451	(30)	(27)
Impairment (losses)/reversals	(7)	2	(13)	-	(908)	12	-	-
Depreciation and amortisation	-	-	(1,662)	(1,542)	(3,091)	(3,087)	(48)	(52)
Net asset transfers	208	383	2,378	766	3,848	3,588	27	(16)
Carrying amount at end of year	**14,987**	**14,702**	**37,466**	**34,741**	**115,261**	**111,745**	**746**	**796**

	Heritage and cultural assets		*Leased assets*		*Total*	
	2020 $M	*2019 $M*	*2020 $M*	*2019 $M*	*2020 $M*	*2019 $M*
Carrying amount at beginning of year	1,514	1,475	682	588	164,180	160,972
Acquisitions	7	11	-	81	1,102	443
Disposals	-	(12)	-	-	(133)	(121)
Revaluation increments/(decrements)	51	57	-	20	4,833	2,854
Impairment (losses)/reversals	-	-	-	-	(928)	14
Depreciation and amortisation	(37)	(36)	-	(1)	(4,838)	(4,719)
Net asset transfers	7	19	(682)	(5)	5,786	4,736
Carrying amount at end of year	**1,542**	**1,514**	**-**	**682**	**170,001**	**164,180**

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 2020 $M**	**Significant unobservable inputs**
Land	**13,710**	Level 3 land assets are mainly held by the Department of Natural Resources, Mines and Energy, and the Department of Environment and Science. These assets are classified as reserves, unallocated state land, national parks and leasehold land. 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. **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. **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.
Buildings	**35,357**	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. 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. **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. **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.

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

Description	Fair value at 30 June 2020 $M	Significant unobservable inputs
Buildings continued		**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. **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 rates applied to represent the cost of obtaining strata title.
Infrastructure	**62,115**	Level 3 infrastructure within the GGS 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. **Road infrastructure, and roads and tracks** are valued based on a combination of raw materials and other costs of construction compiled by an external expert and internal assumptions based on engineering professional judgement. As part of this process, road stereotypes (ranging from unformed roads through to major motorways) are assigned to each road segment and are further defined by variables such as terrain, environment, surface types and costing regions. These inputs are also 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.
Heritage and cultural assets	**1,542**	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. **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.

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 2020 $M	Significant unobservable inputs
Infrastructure	**115,261**	In addition to the infrastructure assets identified above in the GGS, level 3 infrastructure for the TSS includes water, ports, electricity and rail infrastructure assets. 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. **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. 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 cash flows, future capital expenditure requirements and selection of an appropriate discount rate. The valuation of National Electricity Market 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 renewable energy target scenarios. The significant unobservable inputs affecting the valuation include assumptions about electricity spot prices, contract load and premium and discount rate. 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.
Major Plant and Equipment	**746**	Major plant and equipment in the TSS is primarily Queensland Rail rollingstock. **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.

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*	
	2020 $M	*2019 $M*	*2020 $M*	*2019 $M*	*2020 $M*	*2019 $M*
Software development	2,004	1,920	(1,288)	(1,216)	716	703
Purchased software	352	347	(272)	(271)	79	76
Other	61	61	(29)	(25)	33	36
	2,417	**2,327**	**(1,589)**	**(1,511)**	**828**	**816**

	Software		*Other*		*Total*	
	2020 $M	*2019 $M*	*2020 $M*	*2019 $M*	*2020 $M*	*2019 $M*
Carrying amount at beginning of year	781	763	36	43	**817**	**806**
Acquisitions	11	8	1	3	**11**	**11**
Acquisitions through internal development	146	150	-	-	**146**	**150**
Disposals	(7)	(6)	-	-	**(7)**	**(6)**
Amortisation	(133)	(137)	(4)	(7)	**(137)**	**(144)**
Net asset transfers	(3)	1	-	(3)	**(3)**	**(1)**
Carrying amount at end of year	**795**	**780**	**33**	**36**	**828**	**816**

33. Intangibles continued

Total State Sector

	Gross		*Accumulated amortisation*		*Written down value*	
	2020	*2019*	*2020*	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*
Software development	3,347	3,063	(2,070)	(1,943)	1,277	1,120
Purchased software	700	684	(499)	(472)	201	212
Licences and rights	116	116	(103)	(103)	13	13
Other	365	368	(173)	(159)	193	209
	4,529	**4,231**	**(2,845)**	**(2,676)**	**1,684**	**1,555**

	Software		*Licences and rights*		*Other*		*Total*	
	2020	*2019*	*2020*	*2019*	*2020*	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Carrying amount at beginning of year	1,334	1,218	13	13	209	297	1,557	1,528
Acquisitions	15	27	-	-	1	3	16	30
Acquisitions through internal development	409	349	-	-	-	-	409	349
Disposals	(8)	(6)	-	-	-	-	(8)	(6)
Revaluation increments/(decrements)	(5)	-	-	-	-	210	(5)	210
Impairment (losses)/reversals [1]	(9)	-	-	-	-	(75)	(9)	(75)
Amortisation	(258)	(253)	-	-	(14)	(18)	(272)	(270)
Net asset transfers	(1)	(2)	-	-	(4)	(208)	(5)	(210)
Carrying amount at end of year	**1,478**	**1,333**	**13**	**13**	**193**	**209**	**1,684**	**1,555**

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.

34. Other non-financial assets

	General Government		Total State	
	2020	2019	2020	2019
	$M	$M	$M	$M
Current				
Prepayments	482	302	602	401
Other	66	5	68	4
	547	**306**	**670**	**405**
Non-current				
Biological assets	5	7	5	7
Prepayments	213	141	234	168
Other	13	10	14	17
	231	**157**	**253**	**192**
	778	**464**	**923**	**597**

Other non-financial assets primarily represent prepayments by the State. These prepayments include salaries and wages, grant payments, prepayments under lease agreements and payments of a general nature made in advance.

35. Payables

	General Government		Total State	
	2020	2019	2020	2019
	$M	$M	$M	$M
Current				
Trade creditors	2,150	2,530	2,998	3,411
Grants and other contributions	1,604	505	1,559	742
GST payable	49	50	123	139
Other payables	1,818	1,807	1,911	1,919
	5,621	**4,892**	**6,591**	**6,210**
Non-current				
Trade creditors	103	237	146	274
Other payables	5	6	6	11
	108	**243**	**152**	**285**
	5,729	**5,135**	**6,743**	**6,496**

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

	General Government		Total State	
	2020	2019	2020	2019
	$M	$M	$M	$M
Current				
Superannuation (refer Note 48)	1,764	1,641	1,764	1,641
Judges' pensions (refer Note 48)	26	24	26	24
	1,789	**1,666**	**1,789**	**1,666**
Non-current				
Superannuation (refer Note 48)	25,041	24,995	24,889	24,731
Judges' pensions (refer Note 48)	977	949	977	949
	26,018	**25,943**	**25,866**	**25,680**
	27,808	**27,609**	**27,656**	**27,346**

36. Employee benefit obligations continued

(a) Superannuation liability continued

Superannuation/retirement benefit obligations *continued*

The State recognises a superannuation liability 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 2020 was 0.9% (2019: 1.3%).

Employees in the electricity industry contribute to an industry multiple employer superannuation fund, Energy Super Fund (ESF). The ESF uses discount rates in 2020 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.

(b) Other employee benefits

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Current				
Salary and wages payable	864	869	951	978
Annual leave	2,229	1,993	2,486	2,214
Long service leave	547	524	1,068	1,007
Other employee entitlements	112	77	207	171
	3,752	**3,464**	**4,713**	**4,370**
Non-current				
Long service leave	4,566	3,951	4,621	4,008
Other employee entitlements	9	11	20	18
	4,576	**3,963**	**4,640**	**4,025**
	8,327	**7,427**	**9,353**	**8,396**

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 includes 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.

36. Employee benefit obligations continued

(b) Other employee benefits continued

Long service leave

From 1 July 2019, a levy of 2.35% 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.

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 2020 was 0.9% (2019: 1.3%).

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. Benefits falling due more than 12 months after balance date are discounted to present value.

37. Deposits, borrowings and advances, securities and derivatives

(a) Deposits held

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Current				
Deposits at fair value through profit or loss	-	-	7,172	5,219
Interest bearing security deposits	-	-	12	14
	-	**-**	**7,185**	**5,233**

(b) Advances Received

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Current				
Commonwealth	67	87	67	87
Public Non-financial Corporations	1,491	2,268	-	-
	1,558	**2,355**	**67**	**87**
Non-current				
Commonwealth	286	337	286	337
	1,845	**2,692**	**354**	**424**

(c) Borrowing with QTC

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Current				
Borrowing with QTC	61	39	-	-
Non-Current				
Borrowing with QTC	37,509	29,429	-	-
	37,570	**29,468**	**-**	**-**

At 30 June 2020, the redraw facility used to offset borrowing with QTC was nil (2019: $4.445 billion).

37. Deposits, borrowings and advances, securities and derivatives continued

(d) Leases and other loans

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Current				
Lease liability (refer Note 41)	500	43	565	43
Loans - other	34	11	119	11
	534	**55**	**683**	**55**
Non-Current				
Lease liability (refer Note 41)	3,820	1,835	4,306	1,835
Loans - other	2,146	722	2,407	1,075
	5,965	**2,557**	**6,713**	**2,910**
	6,499	**2,612**	**7,396**	**2,965**

Lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of a default. Interest on leases is recognised as an expense as it accrues.

(e) Securities and derivatives

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Current				
Government securities issued	-	-	14,513	14,126
Derivatives				
Derivatives - cash flow hedges	-	-	118	202
Other derivatives	-	-	800	245
	-	**-**	**15,431**	**14,573**
Non-current				
Government securities issued	-	-	98,362	87,541
Derivatives				
Derivatives - cash flow hedges	-	-	23	67
Other derivatives	198	121	1,212	605
	198	**121**	**99,596**	**88,213**
	198	**121**	**115,027**	**102,786**

Financial liabilities disclosed 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, borrowing with QTC, advances from the Commonwealth and PNFCs, lease liabilities, and other loans (except those held by QTC). The borrowing with QTC and advances from PNFCs are eliminated on consolidation of the TSS.

Financial liabilities at fair value through profit or loss

Financial liabilities are categorised as fair value through profit or loss 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.

37. Deposits, borrowings and advances, securities and derivatives continued

***Financial liabilities at fair value through profit or loss** continued*

Financial liabilities at fair value through profit or loss include deposits, other loans held by QTC, 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 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, electricity prices and foreign currency exchange rates. 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 that meet certain criteria 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.

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 in the operating result or in the carrying amount of an asset or liability when the forecast transaction occurs. 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) and derivative liabilities are disclosed in part (e) of this note. 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

Risk management strategy

The State applies hedging accounting on eligible electricity derivatives (mostly price swaps and futures) that are used to protect against movements in the price of electricity. The economic relationship is determined by matching the critical terms, such as forecasted volume and time period, between the hedging instrument and the hedged item. The hedge ratio for these hedging relationships is intended to be 100 per cent. However, the inherent variability in the volume of electricity demand and sales means that actual sales and purchases volumes can vary from the forecasts. These variances are the main source of hedge ineffectiveness.

The State also enters into forward exchange contracts and cross currency swaps to protect against foreign exchange movements. The total amount of these derivatives is not material.

37. Deposits, borrowings and advances, securities and derivatives continued

***Derivative financial instruments** continued*

(i) Cash flow hedges continued

Amount, timing and uncertainty of future cash flows

The electricity derivatives are recognised at trade date and settled net, with the majority of cash flows expected within seven years. The nominal amount of electricity hedges outstanding over the next seven years and their price ranges are as follows:

Total State Sector

	Nominal quantity *GWh*	***Price range*** *$ / MWh*
2020		
Electricity derivatives designated as cash flow hedges of electricity sales	33,674	33 to 102
Electricity derivatives designated as cash flow hedges of electricity purchases	7,505	34 to 145
2019		
Electricity derivatives designated as cash flow hedges of electricity sales	27,615	47 to 111
Electricity derivatives designated as cash flow hedges of electricity purchases	3,297	48 to 145

Effects of hedge accounting on financial position and performance

	Total State *2020* *$M*	*2019* *$M*
Carrying amount of hedging instruments - assets	589	64
Carrying amount of hedging instruments - liabilities	141	269
Change in fair value of hedging instruments - gain/(loss) - for calculating hedge ineffectiveness	764	(250)
Change in value of hedged items - gain/(loss) - for calculating hedge ineffectiveness	(763)	244
Hedge ineffectiveness recognised in profit or loss [1]	**1**	**(6)**

[1] Hedge ineffectiveness is recognised in Revaluation increments/decrements - see Note 16

	Total State *2020* *$M*	*2019* *$M*
Cash flow hedge reserve reconciliation:		
Opening balance	(248)	(37)
Effective portion of hedging gains or losses recognised in equity	763	(244)
Amounts reclassified to profit or loss - hedged item has affected profit or loss [2]	(122)	33
Amounts reclassified to profit or loss - hedged future cash flows no longer expected to occur	8	-
Amounts included in the carrying amount of a non-financial asset or liability	(1)	-
Closing balance	**400**	**(248)**

[2] Reclassification adjustments are included in Sales of goods and services (for sales) or Other operating expenses (for purchases)

The closing balance of the cash flow hedge reserve relates to continuing hedges, with the exception of $31 million (2019: -$21 million) that relates to hedge relationships for which hedge accounting is no longer applied.

No amounts were recognised in or transferred from hedging reserves by GGS entities in 2020 or 2019.

37. Deposits, borrowings and advances, securities and derivatives continued

Derivative financial instruments *continued*

(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.

38. Provisions

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Current				
Outstanding claims				
Workers' compensation	-	-	1,394	1,210
Other	230	275	240	285
Onerous contracts	-	-	11	9
National Injury Insurance Scheme Queensland	-	-	50	31
Queensland Government Insurance Fund	436	333	436	333
Other	260	186	359	272
	925	**795**	**2,490**	**2,140**
Non-current				
Outstanding claims				
Workers' compensation	-	-	2,093	1,814
Other	1,355	810	1,368	821
Onerous contracts	-	-	51	176
National Injury Insurance Scheme Queensland	-	-	2,388	1,634
Queensland Government Insurance Fund	2,188	1,431	2,188	1,431
Other	320	452	1,401	1,147
	3,863	**2,693**	**9,489**	**7,023**
	4,788	**3,488**	**11,979**	**9,163**

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		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Outstanding claim recoveries and reinsurance receivables	8	14	169	178

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.

38. Provisions continued

Outstanding Claims *continued*

(i) 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 2020 was 1.3% (2019: 1.6%) and the inflation rate was 2.3% (2019: 2.6%). The risk margin applied was 10% (2019: 9%).

(ii) National Redress Scheme for Survivors of Institutional Child Sexual Abuse (National Redress Scheme)

The National Redress Scheme for Survivors of Institutional Child Sexual Abuse commenced on 1 July 2018 with Queensland Government participation from 19 November 2018. The 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.

(iii) 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 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 assumptions 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 (3.6% p.a. and 5.0% p.a. respectively for 2019-20).

NIISQ provisions are assessed annually by independent actuaries and are measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* as the present value of the expected future payments for claims of the NIISQ incurred up to 30 June 2020, including claims incurred but not reported. The estimate of the NIISQ provision is based on market consistent assumptions of 2.9% p.a. inflation and the discount rate of 2.5% p.a. as at 30 June 2020 (3.1% and 2.6% respectively for 2019).

(iv) 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 2020 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 2020 was 0.9% (2019: 1.2%).

The increase in the provisions arises from the removal of the limitation period for historical serious child physical abuse claims (following legislative changes) and revisions to estimates of civil claims for historical serious child sexual abuse, as well as Business Interruption claim costs arising from COVID-19.

(v) Queensland Floods

During 2020, an adverse judgement was handed down from the 2011 South-east Queensland Floods Class Action against the State. Due to the complexity and uncertainty of the case, a range of outcomes are possible, and the State has provided accordingly. Information normally required regarding the nature and timing and uncertainty of the potential class action liability is not disclosed on the grounds that such information could seriously prejudice the position of the State.

Notes to the Financial Statements

38. Provisions continued

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 $138 million (2019 increases of $25 million) during the year due to a change in future years' cash flow assumptions.

The extent of the future losses from the PPAs 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**	**QGIF**	**Other Provisions**	**Total**
	2020	*2020*	*2020*	*2020*
	$M	*$M*	*$M*	*$M*
Carrying amount at beginning of year *	1,085	1,764	660	3,509
Additional provisions recognised	692	1,243	7	1,942
Reductions in provisions and payments	(155)	(316)	(73)	(545)
Change from remeasurement and discounting adjustments	(38)	(67)	(14)	(119)
Carrying amount at end of year	**1,584**	**2,624**	**580**	**4,788**

Total State Sector movements in provisions	**Outstanding Claims**	**NIISQ**	**QGIF**	**Other Provisions**	**Total**
	2020	*2020*	*2020*	*2020*	*2020*
	$M	*$M*	*$M*	*$M*	*$M*
Carrying amount at beginning of year *	4,130	1,665	1,764	1,615	9,174
Additional provisions recognised	2,721	870	1,243	313	5,147
Reductions in provisions and payments	(1,903)	(50)	(316)	(102)	(2,371)
Change from remeasurement and discounting adjustments	147	(47)	(67)	(4)	29
Carrying amount at end of year	**5,095**	**2,438**	**2,624**	**1,822**	**11,979**

* The carrying amount at the beginning of the year may differ to the closing amount of the previous year due to the adoption of new accounting standards from 1 July 2019.

39. Other liabilities

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Current				
Unearned revenue	551	423	748	617
Environmental surrender obligations (RECs, GECs, NGACs)	-	-	142	148
Other	151	133	110	113
	701	**556**	**1,000**	**877**
Non-current				
Unearned revenue	216	245	696	719
Other	-	208	4	217
	216	**453**	**700**	**936**
	917	**1,008**	**1,700**	**1,813**

40. Notes to the Cash Flow Statement

(a) Reconciliation of operating result to net cash flows from operating activities

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Operating result	(10,749)	166	(14,188)	(4,054)
Non-cash movements:				
Depreciation and amortisation	4,036	3,458	6,793	6,068
Net (gain)/loss on disposal of non-current assets	22	(42)	(904)	(346)
Impairment and write-off of bad debts	99	9	1,365	151
Equity accounting (profit)/loss	2	(1)	2	(1)
Unrealised net (gain)/loss on borrowings/investments	236	25	2,276	4,321
Revaluation (increments)/decrements	3,286	299	1,792	(2,070)
Net asset write downs, transfers and donations	(131)	(241)	(244)	(338)
Other	1,217	306	477	347
(Increase)/decrease in receivables	58	349	(299)	49
(Increase)/decrease in inventories	(69)	(13)	(262)	(102)
(Increase)/decrease in prepayment and other assets	(314)	(4)	(255)	2
Increase/(decrease) in payables	954	824	668	594
Increase/(decrease) in provisions	1,026	676	2,493	1,828
Increase/(decrease) in other liabilities	147	(58)	172	111
Total non-cash movements	10,569	5,587	14,075	10,614
Cash flows from operating activities	**(180)**	**5,754**	**(113)**	**6,560**

40. Notes to the Cash Flow Statement continued

(b) Changes in liabilities arising from financing activities

General Government Sector

2020

	Cash Flows			Non-Cash Changes				
	Opening Balance *	*Cash Received*	*Cash Payments*	*New Leases*	*Market Value Adjustment*	*Time Value Adjustment*	*Transfers/ Reclass*	*Other*	*Closing Balance*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Advances	2,692	2,627	(3,473)	-	1	(1)	-	-	1,845
QTC Borrowings	29,468	3,681	(26)	-	-	-	4,447	-	37,570
Other loans	734	-	(19)	1,035	13	-	397	20	2,179
Leases	4,554	-	(586)	228	(3)	147	(21)	1	4,320
Other financing	121	-	-	-	76	-	-	-	198
	37,569	**6,308**	**(4,104)**	**1,263**	**87**	**146**	**4,822**	**21**	**46,112**

2019

		Cash Flows		Non-Cash Changes					
	Opening Balance	*Cash Received*	*Cash Payments*	*New Leases*	*Market Value Adjustment*	*Time Value Adjustment*	*Transfers/ Reclass*	*Other*	*Closing Balance*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Advances	2,747	3,070	(3,127)	-	-	2	-	-	2,692
QTC Borrowings	29,256	116	(72)	-	-	-	169	-	29,468
Other loans	744	-	(11)	-	-	-	-	-	734
Leases	1,398	-	(470)	955	-	-	(18)	14	1,878
Deposits	-	-	-	-	-	-	-	-	-
Other financing	122	-	-	-	-	-	-	-	122
	34,267	**3,187**	**(3,680)**	**955**	**-**	**2**	**150**	**14**	**34,894**

* 2020 Opening balances include adjustments arising from the adoption of new accounting standards including AASB 16 *Leases*.

40. Notes to the Cash Flow Statement continued

(b) Changes in liabilities arising from financing activities continued

Total State Sector
2020

		Cash Flows		Non-Cash Changes					
	Opening Balance *	*Cash Received*	*Cash Payments*	*New Leases*	*Market Value Adjustment*	*Time Value Adjustment*	*Transfers/ Reclass*	*Other*	*Closing Balance*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Advances	419	8	(72)	-	1	(1)	(1)	-	354
Other loans	1,086	128	(154)	1,035	13	-	397	21	2,526
Leases	5,042	-	(664)	286	(3)	169	30	12	4,870
Deposits	5,233	1,975	(24)	-	1	-	-	-	7,185
Other financing	102,786	62,306	(53,083)	-	3,018	-	-	-	115,027
	114,566	**64,418**	**(53,998)**	**1,320**	**3,029**	**168**	**426**	**33**	**129,962**

2019

		Cash Flows		Non-Cash Changes					
	Opening Balance	*Cash Received*	*Cash Payments*	*New Leases*	*Market Value Adjustment*	*Time Value Adjustment*	*Transfers/ Reclass*	*Other*	*Closing Balance*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Advances	462	2	(42)	-	-	2	-	-	424
Other loans	1,069	90	(80)	-	-	-	-	7	1,086
Leases	1,398	-	(470)	956	-	-	(18)	14	1,879
Deposits	4,699	1,117	(583)	-	-	-	-	-	5,233
Other financing	96,708	54,042	(53,135)	-	5,171	-	-	-	102,786
	104,337	**55,251**	**(54,310)**	**956**	**5,171**	**2**	**(18)**	**21**	**111,408**

* 2020 Opening balances include adjustments arising from the adoption of new accounting standards including AASB 16 *Leases*.

41. Expenditure commitments

As at 30 June 2020, State Government entities had entered into the following capital commitments. Commitments are exclusive of anticipated recoverable GST. The 2020 capital commitments include $3.1 billion for Cross River Rail. Cash flows relating to the Tunnels, Stations and Development component of Cross River Rail are also included in Note 27 Public Private Partnerships. Other than the 2019 obligations under finance leases, commitments in this Note have not been recognised as liabilities in the Balance Sheet.

From 1 July 2019, lease liabilities are recognised on the Balance Sheet for the majority of the operating leases due to the adoption of AASB 16 *Leases*. Future amounts payable are included in the maturity analysis of lease liabilities presented in Note 46(b). Refer to Note 1(e) for the reconciliation of the 2019 operating lease commitments to the 1 July 2019 lease liabilities' balance.

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
Capital expenditure commitments	**7,238**	**2,863**	**8,426**	**3,745**
Operating lease commitments				
Not later than 1 year	-	544	-	618
Later than 1 year but not later than 5 years	-	1,460	-	1,691
Later than 5 years	-	1,150	-	1,278
	-	**3,155**	**-**	**3,587**
Finance lease commitments				
Not later than 1 year	-	194	-	194
Later than 1 year but not later than 5 years	-	823	-	823
Later than 5 years	-	3,126	-	3,126
Total minimum lease payments	**-**	**4,144**	**-**	**4,144**
Future finance charges	-	(2,265)	-	(2,265)
Total lease liabilities	**-**	**1,879**	**-**	**1,879**
Current lease liabilities (refer Note 37)	-	43	-	43
Non-current lease liabilities (refer Note 37)	-	1,835	-	1,835
	-	**1,879**	**-**	**1,879**

From 1 July 2019, finance lease commitments are no longer disclosed due to the adoption of AASB 16. Future amounts payable are included in the maturity analysis of lease liabilities presented in Note 46.

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 in the Balance Sheet. The following is a summary of entities holding assets in trust:

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
QIC Limited	-	-	42,992	42,005
The Public Trustee of Queensland	1,846	1,879	1,846	1,879
Queensland Rural and Industry Development Authority	108	116	108	116
Department of Justice and Attorney-General	47	31	47	31
Queensland Art Gallery Board of Trustees	39	33	39	33
Queensland Police Service	31	24	31	24
Darling Downs Hospital and Health Service	17	14	17	14
Queensland Treasury	14	13	14	13
Queensland Performing Arts Trust	8	21	8	21
Other	75	76	75	76

2,184	**2,206**	**45,175**	**44,212**

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 GGS and TSS 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 QTC, which forms part of the Public Financial Corporations Sector, are also incorporated in GGS statements.

(a) Contingent liabilities – quantifiable

		General Government		*Total State*	
		2020	*2019*	*2020*	*2019*
		$M	*$M*	*$M*	*$M*
Nature of contingency					
Guarantees and indemnities	(i)	58,514	55,401	13,217	11,664
Other	(ii)	151	18	155	21
		58,665	**55,419**	**13,371**	**11,685**

(i) 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 $9.791 billion and $45.167 billion (2019, $8.953 billion and $43.676 billion) respectively and insurance policies held by Asteron Life & Superannuation Limited of $229 million (2019, $246 million). QTC also provided guarantees of $1.24 billion (2019, $1.2 billion) relating to Australian Financial Services Licences for CS Energy, Energy Queensland Limited and Stanwell, and guarantees of $100 million (2019, $100 million) relating to the trading activities in the National Electricity Market of subsidiaries of Energy Queensland Limited.

Total State Sector

From a TSS perspective, borrowings by PNFCs from QTC as disclosed above are eliminated on consolidation.

(ii) Other

General Government Sector

As at 30 June 2020, there are 25 cases (2019, 20 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 cases prove unfavourable for the State, is $139 million (2019, $6 million).

As at 30 June 2020, potential performance payments in accordance with contractual event commitments totalled a maximum of $12 million (2019, $12 million) payable over six years by Tourism and Events Queensland.

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

(b) Contingent liabilities - not quantifiable

General Government Sector

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 potentially significant liability in respect of compensation arising from acts that have extinguished or impaired native title since 1975. The High Court decision in relation to *Griffiths v Northern Territory of Australia* (known as the Timber Creek case) that was handed down on 13 March 2019 provides some guidance for calculating native title compensation.

At 30 June 2020, 145 positive native title determinations had been made in Queensland (over 33.3% of the State's land area) and there were 55 active claimant applications for a native title determination (covering a further 25.6% of the State). Any, or all of these determinations or applications may lead to a native title compensation claim. The State is responding to two native title compensation claims that were lodged in the Federal Court in December 2019.

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 regarding 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.

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 2019-20 MYFER, the expected future expenditure in relation to past disasters is $1.177 billion (2019, $1.365 billion), the majority of which is expected to be recovered from the Commonwealth.

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 if 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.

Total State Sector

The following PNFC and PFC non-quantifiable contingent liabilities are in addition to the GGS items above.

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.

43. Contingent assets and liabilities continued

(b) Contingent liabilities - not quantifiable continued

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 $43.323 billion at 30 June 2020 (2019, $42.345 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 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 if 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; and

– 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.

(c) Contingent assets - quantifiable

		General Government		*Total State*	
		2020	*2019*	*2020*	*2019*
		$M	*$M*	*$M*	*$M*
Nature of contingency					
Guarantees and indemnities	(i)	7,346	8,701	8,124	9,451
Other	(ii)	11	11	11	11
		7,357	**8,711**	**8,135**	**9,462**

(i) Guarantees

General Government Sector

The Financial Provisioning Scheme (FPS) manages the State's financial risk from the potential failure of a resource activity holder of an environmental authority or small-scale mining tenure to meet their rehabilitation and environmental obligations under various legislation. Over time, the scheme will also provide funds to support rehabilitation of abandoned mines and expand research into mine rehabilitation.

Queensland Treasury, the Department of Environment and Science, and Department of Natural Resources, Mines and Energy held bank guarantees and insurance bonds totalling $6.975 billion, $32 million and $20 million (2019, $8.303 billion, $32 million and $18 million) respectively as financial security to ensure compliance with various acts, environmental management activities, vegetation management development applications and other agreements.

The Department of State Development, Tourism and Innovation held bank guarantees totalling $312 million (2019, $206 million) and $67 million cash security to ensure proponents' compliance with contractual obligations

The Department of Health held guarantees of $9 million (2019, $7 million) from third parties which are related to capital projects.

43. Contingent assets and liabilities continued

(c) Contingent assets – quantifiable continued

***(i) Guarantees** continued*

Total State Sector

In addition to the above GGS quantifiable guarantees and indemnities, the following relate specifically to the PNFC and PFC.

WorkCover Queensland held bank guarantees on behalf of self-insurers totalling $468 million (2019, $448 million).

Queensland Rail held bank, insurance company and other guarantees of $220 million (2019, $214 million) mainly relating to construction contracts provided by third parties.

Energy Queensland Limited held bank guarantees totalling $90 million (2019, $89 million) relating to the construction of capital assets.

(ii) Other

General Government Sector

A non-recoverable loan of $11 million (2019, $11 million) paid to Construction Industry Skills Centre Pty Ltd is repayable to the State Government in circumstances contingent on the winding up of the company and related trust.

(d) 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 an 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.

Total State Sector

The following PNFC and PFC non-quantifiable contingent assets are in addition to the GGS item above.

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 held 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 remained 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.

44. Post balance date events

General Government Sector

Queensland Treasury

The *Queensland Future Fund Act 2020* (the Act) was passed on 13 August 2020 by the Queensland Parliament. The Act establishes the first Queensland Future Fund - the Debt Retirement Fund. The Debt Retirement Fund will be seeded through the transfer of certain existing financial and non-financial State assets into QIC trusts on QTC's balance sheet. In return QTC will issue Fixed Rate Notes to the Queensland Future Fund equal to the market value of the assets.

44. Post balance date events continued

General Government Sector continued

COVID-19

The State continues to be impacted by the effects on the economy of the COVID-19 pandemic and the response necessary to counter those impacts.

Total State Sector

The following PNFC post balance date event is in addition to the GGS item above.

Sunwater

Sunwater's insurers have declined to provide insurance policy coverage for the period 1 July 2020 to 30 June 2021 in respect of some elements of Paradise Dam in light of the structural issues currently being addressed at that site. Specifically, Sunwater has been unable to obtain insurance policies relating to property damage to the dam and associated Sunwater assets, and for Directors and Officers liability coverage for claims relating to Paradise Dam. Sunwater has continued to obtain insurance policies relating to third party liability claims linked to Paradise Dam for the period 1 July 2020 and 30 June 2021.

45. Climate Change

Climate change is a risk for the State. The impacts of climate change and the policy setting of governments have the potential to affect the State's ability to provide services to the community, the operations of State-owned businesses and the value of State assets. These impacts include long-term changes in climatic conditions, extreme weather events, and the policy positions taken by governments, regulators and society more generally to transition to a low carbon economy.

The State recognises the need to address climate change having developed key policies and strategies to drive Queensland's climate change response. The government's initiatives are linked to two overarching strategies - *The Queensland Climate Transition Strategy (QCTS)* and *The Queensland Climate Adaptation Strategy (QCAS).*

QCAS is focused on reducing the negative impacts of climate change and taking advantage of emerging opportunities. The QCTS is the Government's strategy for transitioning the State to a low carbon, clean growth economy. There are three key commitments under the QCTS: 50% renewable energy target by 2030, net zero emissions by 2050 and an interim emissions reduction target of at least 30% below 2005 levels by 2030.

The Powering Queensland Plan reaffirms the Government's commitment to a 50% Renewable Energy Target by 2030 and seeks to deliver long term, secure energy supply and transition to a cleaner energy sector and stable energy prices. The Government is investing both directly in clean energy projects and facilitating the growth of private investment.

The Government established CleanCo, Queensland's first publicly owned clean energy generator, to drive renewable energy investment through its mandate to deliver 1,000MW of new renewables by 2025. CleanCo entered the National Electricity Market on 31 October 2019 and since then has generated around 1.6 gigawatt hours of renewable energy which is enough to power over 500,000 homes. The 2019-20 State Budget provided $250 million in funding over two years to CleanCo to build, own, and operate new renewable energy generation.

The Government is investing $145 million to unlock three Renewable Energy Zones to support new solar and wind investment across the State. In September 2020, the Government announced the creation of a $500 million Renewable Energy Fund to directly invest in publicly owned renewable projects and supporting infrastructure.

The Queensland Hydrogen Industry Strategy will help launch Queensland as a producer and exporter of 'green' hydrogen, with the Government establishing a $15 million industry development fund to support hydrogen projects in Queensland.

The Government's policy and investment framework has attracted renewable energy investment into the State. Since 2015, 40 large scale renewable energy projects have become operational or are under construction, representing around $7.5 billion in investment. Queensland has more than 3,000MW of large-scale renewable generation in the grid, with 270MW under construction and expected to become operational over the next two years. Including the

600,000 household rooftop solar systems, Queensland now has 7,700MW of renewable generation either operational or committed.

45. Climate Change continued

Market Risks

Investors, regulators and rating agencies are increasingly taking climate change risks into account when assessing both government and non-governmental issuers. There is some evidence that climate change risks are already being priced in to finance and insurance markets. In recent commentary, rating agencies identified climate change risks as a rating factor for regional and local governments. Going forward, it is expected issuers will need to proactively disclose their climate change risks and adaptation and mitigation strategies.

The Government is currently developing its climate change disclosure framework with the intention to a release a report on the State's current environmental, social and governance (ESG) metrics and policies.

Queensland's ESG performance compares favourably both domestically and internationally with MSCI, an industry leader in ESG assessment, giving Queensland an ESG rating of AA as of July 15, 2020.

QTC has continued its Green Bonds program which allocates qualifying green projects and assets to debt issued for the State of Queensland. There continues to be strong demand for "green bonds" issued by QTC which are included in Note 37(e).

Physical Risks

Queensland is one of the most disaster-prone states in Australia, with climate change expected to amplify this risk in the future. The Government is monitoring and assessing the potential impact of climate change related physical risks on its operations and assets.

In assessing the physical risks of acute and chronic natural disasters facing the State, the mitigating impact of the funding available from the Commonwealth under the Disaster Recovery Funding Arrangements (DRFA) is crucial. These Commonwealth-state cost-sharing arrangements provide financial support for relief and recovery activities resulting from natural disasters, reimbursing the State for up to 75% of recovery expenditure. In 2019-20 DRFA assistance was activated in response to bushfires, flooding and other disasters, with the State receiving $507 million (2019: $362 million) in Commonwealth grant assistance, included in Note 4. The Queensland Reconstruction Authority is dedicated to managing and coordinating disaster recovery and reconstruction funding for Queensland.

The Government is supporting communities to address physical risks by strengthening disaster risk management and continuously improving disaster preparedness, response and recovery through establishing the Disaster Resilience Fund and Household Resilience Program. The Drought and Climate Adaptation Program (DCAP) aims to help producers better manage drought and climate impacts. DCAP's major partners include the Department of Agriculture and Fisheries, the Department of Environment and Science, the University of Southern Queensland, the Bureau of Meteorology and Meat & Livestock Australia.

The Queensland Government Insurance Fund (refer Note 38) is a Fund established to oversee the State Government's self-insurance scheme and covers, among other things, insurance for loss and damage to property that may not be covered by DRFA. GOCs access insurance in the private market.

Transitional Risks

The Government is monitoring the impact of transitional risks on the valuation of the State's assets, including the valuation of coal and other fossil fuel energy generation assets, as well as ports, water and transport infrastructure assets (see Note 32).

Notwithstanding the above, any change to the planned closure dates of coal-fired generation plants as a result of climate change may have broader impacts on the National Electricity Market and may result in a material fiscal impact. The fiscal impact of climate change on key revenue and expense lines (such as dividend and tax equivalent income (Note 7) and royalty revenue (Note 8) will emerge over the medium to long term, along with implications for the State's Balance Sheet.

Government agencies are monitoring the emergence of climate change risks under the QCTS.

The Government is facilitating a climate change transition through policy, projects and procurement, drawing on interstate and international practice.

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. The State's major concentrations of credit risk are with the banking sector, the National Electricity Market, the electricity distribution market and the rural, business, not-for-profit, housing and health sectors. Credit risk is regularly assessed, measured and managed in strict accordance with credit risk policies.

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 reviewed and expected credit losses are assessed annually;

– bad debts are only written off once appropriate approval is obtained;

– the credit ratings of all counterparties are monitored and limits adjusted where necessary; and

– where possible, transactions are undertaken with a large number of counterparties to avoid concentrations of credit risks.

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.

Details of credit risk exposure for receivables and loans are disclosed in Note 24.

The credit exposure for derivative contracts, other than electricity derivatives, is based on a notional 'add-on' factor applied to the value of the instrument. The derivatives are marked-to-market daily with zero thresholds under all credit support annexes. 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. Key characteristics of these entities are monitored including their regulatory requirements, additional capital buffers, type of issuance and the impact of exigent developments such as COVID-19. 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.

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:

2020	**Cash & equivalent** *$M*	**Financial assets** *$M*	**Derivatives** *$M*	**Total** *$M*	**% of Total**
AAA	-	2,247	2	**2,249**	9%
AA+	-	838	-	**838**	3%
AA	-	-	-	**-**	0%
AA-	2,487	14,519	58	**17,064**	70%
A+	-	2,346	17	**2,363**	10%
A	-	1,760	-	**1,760**	7%
Other	-	115	-	**115**	0%
	2,487	**21,825**	**76**	**24,388**	**100%**

2019	**Cash & equivalent** *$M*	**Financial assets** *$M*	**Derivatives** *$M*	**Total** *$M*	**% of Total**
AAA	-	1,374	-	**1,374**	6%
AA+	-	880	-	**880**	4%
AA	-	118	-	**118**	1%
AA-	1,577	15,687	50	**17,314**	76%
A+	-	1,998	12	**2,010**	9%
A	-	932	-	**932**	4%
Other	-	101	-	**101**	0%
	1,577	**21,090**	**62**	**22,729**	**100%**

The State 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 issued concessional loans under the COVID-19 Job Support Loans scheme, which commenced in March 2020, to Queensland businesses and non-profit organisations impacted by COVID-19. While approximately 80% of COVID-19 Jobs Support Loans are secured against business assets, the form of security is considered limited and the opportunity to realise the security is not readily available. Credit exposure on these loans is expected to be high but is difficult to estimate at this stage as repayments do not commence until March 2023. No COVID-19 Jobs Support Loans are credit-impaired as at 30 June 2020. Information about expected credit losses on these loans are disclosed in Note 24(e).

The State also makes 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.

Collateral and other credit enhancements

The maximum exposure to credit risk for the GGS and TSS on recognised financial assets, including derivatives, without taking account of any collateral or other credit enhancements is the carrying amount of these assets on the Balance Sheet.

The State holds as security collateral in the form of charges over real property, business stock and assets, cash deposits, and bank, insurance company and other guarantees. Refer to Note 43 for details of guarantees and indemnities.

Within the GGS, collateral is held in respect of $9 million (2019: $7 million) gross loans and advances that are credit-impaired, for which total expected credit losses of $2 million (2019: $2 million) is recognised after taking into account collateral. Approximately $7 million (2019: $4 million) of the loans have no loss allowance recognised because the value of the collateral exceeds the loan amount.

46. Financial risk management disclosure continued

(a) Credit risk continued

Master netting arrangements

The GGS does not have financial instruments that are subject to enforceable master netting arrangements or similar agreements.

The TSS 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 TSS'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 TSS'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 the Total State if all set off rights were exercised.

	Gross amount *$M*	Master netting & collateral *$M*	Net amount *$M*
2020			
Financial assets:			
- Derivative assets	1,298	(1,071)	227
Financial liabilities:			
- Derivative liabilities	1,456	(1,338)	118
- Non derivative financial liabilities	12	(7)	5
Net exposure	**(170)**	**274**	**104**

	Gross amount *$M*	Master netting & collateral *$M*	Net amount *$M*
2019			
Financial assets:			
- Derivative assets	622	(514)	108
Financial liabilities:			
- Derivative liabilities	746	(624)	122
Net exposure	**(124)**	**109**	**(15)**

(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 maintains appropriate liquidity to meet minimum requirements for the following liquidity metrics, which are reviewed annually:

– Standard & Poor's Liquidity Ratio – maintaining a minimum ratio of liquid assets to debt serving requirements at all times over a rolling 12 month horizon;

– Forecast liquidity – maintaining a minimum liquidity balance of assets to maturing liabilities at all times over a rolling 12 month horizon; and

– Daily cash balances – meeting expected net cash requirements due in the next 5 business days using cash at bank and short term investments.

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.

46. **Financial risk management disclosure** continued

(b) Liquidity risk continued

The contractual cash flow maturities of financial liabilities are included in the tables below. They are calculated based on undiscounted cash flows relating to the repayment of principal and interest amounts outstanding at balance date:

General Government Sector
2020

	1 Year or Less $M	1 to 5 Years $M	Over 5 Years $M	Total $M	Carrying Value $M
Payables	8,825	118	-	8,943	8,943
Commonwealth advances	82	135	248	465	354
Lease liabilities	664	2,120	3,623	6,408	4,320
Other liabilities at amortised cost	1,718	1,485	1,879	5,082	3,671
Borrowing with QTC	3,835	5,117	37,663	46,614	37,570
Derivatives	-	67	141	209	198
	15,124	**9,043**	**43,554**	**67,721**	**55,055**

2019

	1 Year or Less $M	1 to 5 Years $M	Over 5 Years $M	Total $M	Carrying Value $M
Payables	7,832	255	-	8,087	8,087
Commonwealth advances	101	172	275	548	424
Lease liabilities	85	415	1,992	2,492	1,879
Other liabilities at amortised cost	2,347	315	1,315	3,978	3,002
Borrowing with QTC	1,211	4,830	29,393	35,435	29,468
Derivatives	7	51	80	138	121
	11,582	**6,038**	**33,056**	**50,676**	**42,980**

Total State Sector
2020

	1 year or less $M	1 to 5 years $M	Over 5 years $M	Total $M	Carrying value $M
Payables	10,228	173	-	10,401	10,401
Commonwealth advances	82	135	248	465	354
Lease liabilities	735	2,426	3,801	6,963	4,870
Other liabilities at amortised cost	227	1,518	1,879	3,624	2,212
Government securities and other loans at fair value	24,697	43,871	58,543	127,111	120,373
Derivatives	1,047	903	701	2,651	2,152
	37,017	**49,025**	**65,172**	**151,214**	**140,362**

2019

	1 year or less $M	1 to 5 years $M	Over 5 years $M	Total $M	Carrying value $M
Payables	9,574	303	-	9,877	9,877
Commonwealth advances	101	172	275	548	424
Lease liabilities	85	415	1,992	2,492	1,879
Other liabilities at amortised cost	79	322	1,315	1,716	741
Government securities and other loans at fair value	22,131	40,503	52,649	115,282	107,246
Derivatives	568	591	594	1,752	1,119

32,536	**42,305**	**56,825**	**131,667**	**121,285**

46. Financial risk management disclosure continued

(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 State Investment Advisory Board (SIAB) determines the investment objectives, risk profiles and strategy for the Long Term Assets within the framework provided by the Government. Since July 2012, risk has been reduced 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 from 7% to 6.5% starting from 1 July 2018. 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 $12 million (2019: $19 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 remains unchanged at 6.5%. Assuming all other variables remained constant, if the return on the notes moved by +/-1%, the GGS net operating balance would be approximately $293 million higher or lower (2019: $289 million). A +/-1% change in the market value of the underlying QIC investments on QTC's balance sheet would be reflected in an increment / decrement in the GGS other economic flows included in the operating result. If the return on other GGS investments, including with QIC, moved by +/-1%, the GGS operating result and equity would be approximately $25 million higher or lower (2019: $25 million).

GGS borrowing with QTC is 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 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 borrowing with QTC were to change by 1%, the effect on the GGS operating result and equity would be approximately $376 million (2019: $295 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, which is managed with consideration given to duration risk, yield curve risk, basis risk and a value-at-risk (VaR) framework, complemented by other measures such as defined stress tests.

46. Financial risk management disclosure continued

(c) **Market risk** continued

(i) Interest rate and unit price risk continued

Interest expense continued

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.

	Total State	
	2020	*2019*
	$M	*$M*
Interest rate risk VaR at 30 June	20	17
Average for the year	20	23
Financial year - minimum	12	15
Financial year - maximum	42	30

The effect of a 1% movement in interest rates on the TSS cash balances would result in a $30 million (2019: $23 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 +$341 million / -$337 million (2019: +$376 million / -$366 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 2020, 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 $27 million (2019: $30 million).

Commodity price risk

Other State entities are exposed to commodity price risk resulting from changes in electricity, coal, gas, diesel, environmental certificate and other commodity prices.

As a result of its ownership of electricity generating Government-owned corporations, the State is exposed to electricity price risk. Electricity derivatives (mostly price swaps and futures) are used to protect against movements in the price of electricity in the National Electricity Market. 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. The contracts are recognised at trade date and settled net, with cash flows expected within three years.

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, Stanwell Corporation Limited and CleanCo Queensland Limited.

46. Financial risk management disclosure continued

(c) Market risk continued

(ii) <u>Share price and commodity price risk</u> 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:

2020	**Operating Result**		**Equity**	
	+10%	***-10%***	***+10%***	***-10%***
	$M	*$M*	*$M*	*$M*
CleanCo	47	(47)	(4)	4
CS Energy	22	(22)	50	(50)
	+20%	***-20%***	***+20%***	***-20%***
Energy Queensland Limited	12	(11)	91	(90)
	+30%	***-30%***	***+30%***	***-30%***
Stanwell	117	(123)	(259)	252

2019	**Operating Result**		**Equity**	
	+10%	***-10%***	***+10%***	***-10%***
	$M	*$M*	*$M*	*$M*
CS Energy	(25)	22	(85)	77
	+20%	***-20%***	***+20%***	***-20%***
Energy Queensland Limited	10	(12)	168	(168)
	+30%	***-30%***	***+30%***	***-30%***
Stanwell	(30)	19	(450)	450

(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. Foreign exchange contracts and cross currency swaps are used to effectively manage the exposure to fluctuations in exchange rates.

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

47. Net fair value of financial instruments

The carrying amounts of the GGS and TSS financial assets and financial liabilities by category are:

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Financial assets				
Amortised cost	7,617	7,483	9,944	8,132
FVTPL - designated upon initial recognition	2,297	2,343	71,164	71,012
FVTPL - mandatorily measured at FVTPL	26,217	29,346	-	-
FVTOCI - debt instruments	424	435	424	435
FVTOCI - equity instruments	21,566	23,007	6	1
	58,121	**62,614**	**81,537**	**79,580**
Financial liabilities				
Amortised cost	54,857	42,859	17,849	12,934
FVTPL - designated upon initial recognition	-	-	120,502	107,500
FVTPL - held for trading	198	121	2,012	851
	55,055	**42,980**	**140,362**	**121,285**
Net gains/(losses) on financial assets at FVTOCI recognised in equity	5	11	5	11

The carrying amounts of GGS and TSS financial assets and liabilities, including cash, deposits, receivables and payables, equate approximately to their net fair value, except as outlined below.

General Government Sector

	Carrying amount *2020 $M*	***Fair value*** *2020 $M*	***Carrying amount*** *2019 $M*	***Fair value*** *2019 $M*
Financial Assets				
QRIDA loans	1,155	1,320	511	530
Financial Liabilities				
QTC borrowings	37,570	42,468	29,468	33,612

Total State Sector

	Carrying amount *2020 $M*	***Fair value*** *2020 $M*	***Carrying amount*** *2019 $M*	***Fair value*** *2019 $M*
Financial Assets				
QRIDA loans	1,155	1,320	511	530

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 13, except the GGS equity investments in PNFCs and PFCs that are measured at fair value as the Government's proportional share of the carrying amount of net assets of the PNFC and PFC Sector entities on a GAAP basis.

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.

47. Net fair value of financial instruments continued

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 futures contracts 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, floating rate notes, commercial paper, non-actively traded corporate, semi-government bonds, certain money market securities, onlendings, treasury notes, medium-term notes, client deposits, unit trusts and other derivatives such as over-the-counter derivatives, including 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 some unit trusts, power purchase agreements and other electricity derivative contracts.

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:

- Interest rates;
- Trading margins;
- Exchange rates;
- Market indices;
- Credit spreads;
- Expected cash flows;
- Exchange traded market prices;
- Broker quotes or market prices for similar instruments;
- Forward curve prices;
- Electricity settled prices;
- Forecast generation;
- Extrapolation rates;
- Scalar and translation factors;
- Market volatility;
- Renewable Energy Targets; and
- Emerging technologies.

Notes to the Financial Statements

47. Net fair value of financial instruments continued

The following table presents the GGS and TSS financial assets and liabilities recognised and measured at fair value.

General Government Sector

	Level 1 *$M*	*Level 2* *$M*	*Level 3* *$M*	*Total* *$M*
2020				
Assets				
Financial assets at fair value through profit or loss				
Rental Purchase Plan	-	186	-	186
Other Investments	165	1,824	26,339	28,328
Financial assets at fair value through equity Corporate bonds	424	-	-	424
	589	**2,010**	**26,339**	**28,938**
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	198	198
	-	**-**	**198**	**198**
2019				
Assets				
Financial assets at fair value through profit or loss				
Rental Purchase Plan	-	187	-	187
Other Investments	159	1,841	29,497	31,498
Financial assets at fair value through equity				
Corporate bonds	435	-	-	435
	595	**2,028**	**29,497**	**32,120**
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	121	121
	-	**-**	**121**	**121**

Total State Sector

	Level 1 *$M*	*Level 2* *$M*	*Level 3* *$M*	*Total* *$M*
2020				
Assets				
Financial assets at fair value through profit or loss				
Rental Purchase Plan	-	186	-	186
Derivatives	1,007	805	83	1,895
Securities and bonds	14,147	2,966	-	17,113
Shares	270	-	-	270
Loans	-	10,710	-	10,710
Other Investments	570	25,991	14,430	40,990
Financial assets at fair value through equity				
Corporate bonds	424	-	-	424
	16,417	**40,657**	**14,513**	**71,587**
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	1,066	854	237	2,157
Deposits	-	7,172	-	7,172
Government securities issued	93,758	19,117	-	112,875
Borrowings	-	314	-	314
	94,824	**27,457**	**237**	**122,518**

47. Net fair value of financial instruments continued

Total State Sector continued

	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
2019				
Assets				
Financial assets at fair value through profit or loss				
Rental Purchase Plan	-	187	-	187
Derivatives	203	456	35	695
Securities and bonds	15,315	1,071	-	16,386
Shares	297	-	-	297
Loans	-	9,852	-	9,852
Other Investments	1,222	25,339	17,011	43,573
Financial assets at fair value through equity				
Corporate bonds	435	-	-	435
	17,472	**36,905**	**17,046**	**71,423**
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	294	648	178	1,119
Deposits	-	5,219	-	5,219
Government securities issued	91,135	10,532	-	101,667
Borrowings	-	346	-	346
	91,428	**16,745**	**178**	**108,351**

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.

There were certain derivatives transferred out of Level 3 to Level 2 in 2020 and 2019 due to the availability of additional observable forward prices.

The following table presents the net changes in Level 3 instruments:

	General Government		*Total State*	
	2020 $M	*2019 $M*	*2020 $M*	*2019 $M*
Opening balance asset / (liability)	29,375	34	16,868	14,056
Purchases	-	-	218	222
Sales	(1,845)	(2,710)	(98)	(1,586)
Settlements	-	-	235	1,590
Movements in other comprehensive income	-	-	(1,246)	(34)
Movements recognised in profit or loss	(1,389)	1,564	(1,679)	1,271
Transfers into Level 3	-	30,488	-	1,338
Transfers out of Level 3 into Level 2	-	-	(23)	12
Closing balance asset / (liability)	**26,141**	**29,375**	**14,276**	**16,869**

The sensitivity of the State's financial instruments is disclosed in Note 46.

48. Retirement benefit obligations

Retirementbenefit 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);

– Pensions provided in accordance with the *Governors (Salary and Pensions) Act 2003* (Governors' Scheme); and

– Energy Super Fund (ESF).

48. Retirement benefit obligations continued

QSuper, Judges' Scheme and Governors' Scheme

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 GOCs (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 *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 currently assessed annually by the State Actuary. The latest actuarial review of the QSuper scheme was as at 30 June 2019 and was presented in a report dated 26 November 2019.

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. Due to materiality, the Governors' pension payable is included with the Judges' Scheme liabilities.

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 (which is now closed to new members) 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 2019 by Mercer Consulting (Australia) 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 was 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.

Notes to the Financial Statements

48. Retirement benefit obligations continued

	General Government 2020 $M	General Government 2019 $M	Total State 2020 $M	Total State 2019 $M
Present value of the defined benefit obligation				
QSuper DB	32,355	32,985	32,355	32,985
Judges	1,003	973	1,003	973
ESF	-	-	968	921
Total present value of the defined benefit obligation	**33,358**	**33,958**	**34,326**	**34,880**
Fair value of plan assets				
QSuper DB	5,550	6,349	5,550	6,349
ESF	-	-	1,120	1,185
Total fair value of the plan assets	**5,550**	**6,349**	**6,670**	**7,534**
Defined benefit obligation Liability/(Asset) recognised in Balance Sheet				
QSuper DB	26,805	26,636	26,805	26,636
Judges	1,003	973	1,003	973
ESF	-	-	(152)	(263)
Liability/(Asset) recognised in Balance Sheet	**27,808**	**27,609**	**27,656**	**27,346**
Reconciliation of the present value of the defined benefit obligation				
Opening balance	33,958	32,528	34,880	33,300
Current service cost	964	1,018	995	1,050
Contributions by plan participants	183	215	194	225
Interest cost	435	804	458	833
Benefits paid (including contributions tax)	(2,102)	(2,076)	(2,167)	(2,102)
Actuarial (gain)/loss	(81)	1,470	(34)	1,574
Closing balance	**33,358**	**33,958**	**34,326**	**34,880**
Reconciliation of the fair value of plan assets				
Opening balance	6,349	6,085	7,534	7,225
Return on plan assets at discount rate	81	151	108	193
Return on plan assets above/(below) discount rate (actuarial gain)	(708)	228	(752)	243
Employer contributions - State share of beneficiary payments	1,723	1,725	1,723	1,725
Employer contributions	-	-	6	4
Contributions by plan participants	183	215	193	225
Benefits paid (including contributions tax)	(2,079)	(2,055)	(2,143)	(2,081)
Closing balance	**5,550**	**6,349**	**6,670**	**7,534**
Present value of the obligation by funding policy				
Present value of the obligation - wholly unfunded	1,003	973	1,003	973
Present value of the obligation - wholly/partly funded	26,805	26,636	26,653	26,373
	27,808	**27,609**	**27,656**	**27,346**
Amounts recognised in Operating Statement				
Current service cost (including employer contributions)	964	1,018	995	1,050
Superannuation interest cost	354	653	349	641
Total amounts recognised in Operating Statement	**1,318**	**1,671**	**1,343**	**1,691**
Remeasurements of net defined benefit obligation				
Actuarial gain/(loss) due to changes in demographic assumptions	-	(184)	-	(184)
Actuarial gain/(loss) due to changes in financial assumptions	169	(2,121)	122	(2,225)
Actuarial gain/(loss) due to changes in experience adjustments	(88)	834	(88)	834
Return on plan assets above/below discount rate	(708)	228	(752)	243
Amounts recognised in Statement of Changes in Net Assets (Equity)	**(627)**	**(1,242)**	**(717)**	**(1,331)**

48. Retirement benefit obligations continued

Plan Asset Allocations

The State Public Sector Superannuation Scheme holds investments with the following asset allocations:

	Quoted 2020 $M	Unquoted 2020 $M	Quoted 2019 $M	Unquoted 2019 $M
Global equities	4,309	-	4,707	-
Global private equity	-	69	-	91
Global real estate	-	892	-	1,095
Cash and fixed interest	-	280	-	457
	4,309	**1,241**	**4,707**	**1,642**

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 or Governors' Pensions.

The major categories of Energy Super Fund plan assets are as follows:

	2020 $M	2019 $M
Global equities	548	581
Cash and fixed interest	191	202
Real estate	90	95
Other	291	308
	1,120	**1,185**

	QSuper DB 2020 $M	QSuper DB 2019 $M	ESF 2020 $M	ESF 2019 $M
Actual return on plan assets	(626)	379	(17)	57

The estimate of employer contributions to be paid in 2020-21 is $1.764 billion for QSuper DB and $4 million for ESF.

At 30 June 2020, the weighted average duration of the QSuper defined benefit obligation is 8.9 years (2019: 9.3 years).

Sensitivity Analysis for each significant actuarial assumption

	QSuper DB 2020 $M	Judges 2020 $M
Change in defined benefit obligation brought about by a 1% increase in:		
Discount rate	(2,707)	(147)
Future inflationary salary increases	2,842	182
Expected CPI increases	209	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.

Notes to the Financial Statements

48. Retirement benefit obligations continued

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 QTC. 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 (96% of benefit payments and capitalised new pensions) as per the relevant actuarial investigation for funding purposes.

Under the Debt Action Plan announced in the 2015-16 Budget, the Government suspended for five years, commencing in 2015-16, the investment of defined benefit employer contributions.

Employee numbers

The number of full time equivalent employees in the GGS at 30 June 2020 relating to the GGS entities listed in Note 50 totalled 238,247 (2019: 234,205). Per Budget Paper 2, Table 5.2, the estimated number of full time equivalents for 2020 was 233,637. Using the same scope as Budget Paper 2, the actual number of full time equivalents is 232,460 (2019: 228,282).

The number of Total State full time equivalent employees at 30 June 2020 relating to the consolidated entities listed in Note 50 totalled 259,656 (2019: 255,038).

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:

	2020 *$M*	*2019* *$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 and their related entities.

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). The individual entities are listed 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, with 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.

49. Related parties and Ministerial remuneration continued

Revenue and assets continued

The GGS holds fixed rate notes from QTC which earn interest that is included in Note 6 and which incur a market value adjustment included in Note 16. The carrying value of the notes in the Balance Sheet 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 and PFC sector which are included in guarantee fees per Note 3. GGS payroll tax revenue per Note 3 includes $125 million (2019: $116 million) from entities within PNFC and PFC sectors. GGS sales of goods and services (including revenue from contracts with customers) with the PNFC sector are included in Note 5.

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(c). 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. Electricity expenses, also disclosed in Note 11, are paid by the GGS to electricity entities in the PNFC sector.

Workers' compensation premiums are paid to WorkCover by the GGS as per Note 9.

Equity injections and withdrawals

During the year, the GGS transferred $261 million in infrastructure assets relating to the North Queensland Stadium project to Stadiums Queensland and invested an additional $62 million towards that project and the Gabba refurbishment. In addition, $30 million was invested in Ports North and $7 million in Powerlink. 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 GGS has 100% ownership and voting power in other Queensland public sector entities, classified as either PNFCs or PFCs.

The following controlled entities of the Government have been included in the consolidated financial statements for the year ended 30 June 2020. 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.

General Government

Departments

Aboriginal and Torres Strait Islander Partnerships
Agriculture and Fisheries
Child Safety, Youth and Women
Communities, Disability Services and Seniors
Education
   * Australian Music Examinations Board
Employment, Small Business and Training

Notes to the Financial Statements

50. Controlled entities continued

General Government continued

Departments *continued*

Environment and Science
 * Corporate Administration Agency - shared service provider
 * Arts Queensland
Housing and Public Works
 * QBuild - commercialised business unit (formerly Building and Asset Services)
 * QFleet - commercialised business unit
 * CITEC - commercialised business unit
 * Queensland Shared Services - shared service provider
Justice and Attorney-General
Local Government, Racing and Multicultural Affairs
Natural Resources, Mines and Energy
Premier and Cabinet
 * Screen Queensland Pty Ltd
Public Safety Business Agency
Queensland Corrective Services
Queensland Fire and Emergency Services
Queensland Health
Queensland Police Service
Queensland Treasury
State Development, Tourism and Innovation (Renamed as at 11 May 2020)
 * Economic Development Queensland - commercialised business unit
Regional Development and Manufacturing (Renamed as at 11 May 2020)
Transport and Main Roads
 * RoadTek - commercialised business unit
Youth Justice (Established as at 20 May 2019)

Other General Government entities

Board of the Queensland Museum
 * Queensland Museum Foundation Trust
Crime and Corruption Commission
Cross River Rail Delivery Authority
Electoral Commission of Queensland
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
 Human Rights Commission (formerly Anti-Discrimination Commission)
Legal Aid Queensland
Legislative Assembly
Library Board of Queensland
 * Queensland Library Foundation

Motor Accident Insurance Commission
Nominal Defendant
Office of the Governor

50. Controlled entities continued

Other General Government entities *continued*

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 (Abolished as at 29 February 2020)
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 (formerly QRAA)
Residential Tenancies Authority
South Bank Corporation
TAFE Queensland
* Aviation Australia Pty Ltd
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

Public Non-financial Corporations

CleanCo Queensland
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
* 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
Mount Isa Water Board
North Queensland Bulk Ports Corporation Limited
* Ports Corporation of Queensland Limited (dormant)

* Mackay Ports Limited (dormant)
Port of Townsville Limited

50. Controlled entities continued

Public Non-financial Corporations continued

Powerlink Queensland
- * Harold Street Holdings Pty Ltd
- * Powerlink Transmission Services Pty Ltd
- * Queensland Capacity Network 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

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
- * QIC US Management, Inc.
    - * QIC Corporate Management, Inc.
    - * QIC Global Infrastructure (US), Inc.
    - * QIC Non-Member Manager LLC
    - * QIC Properties US, Inc.
    - * QIC QGIF GP Co No. 1 Inc
    - * QIC US Investment Services 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

As required by AASB1049, the purpose of this note is to reconcile the key aggregates per AASB1049 to the calculations in terms of the GFS Manual.

With the introduction of AASB16 *Leases,* former operating leases are now recorded on the balance sheet and lease expenses have been reallocated from supplies and services to lease amortisation and lease finance charges. This is inconsistent with the GFS Manual, resulting in convergence differences. It would be a significant administrative burden for the State to continue to track operating leases solely for the purposes of these reconciliations, so the impact of AASB16 is not shown in these reconciliations. However, an approximation of the balance sheet impact can be determined from the 1 July 2019 adjustment disclosed per Note 1 (e), while there has been a reallocation in the State's Operating Statement of approximately $500 million from Other operating expenses to Depreciation and amortisation ($400 million) and Other interest expense ($100 million).

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 $M
2020						
Net result from transactions						
Net operating balance (as per Operating Statement)		(5,734)	927	(3,211)	(1,180)	(9,199)
Convergence differences						
Other operating expenses - onerous contract	i	-	-	-	-	-
Other property expenses - income transferred by Public Enterprises as dividends	ii	-	(1,086)	(94)	1,180	-
Total convergence differences		-	(1,086)	(94)	1,180	-
GFS Net Operating Balance		**(5,734)**	**(159)**	**(3,305)**	**-**	**(9,199)**

	Notes	GGS $M	PNFC $M	PFC $M	Elims $M	Total State $M
2019						
Net result from transactions						
Net operating balance (as per Operating Statement)		985	1,669	(1,944)	(1,802)	(1,092)
Convergence differences						
Other operating expenses - onerous contract	i	-	(1)	-	-	(1)
Other property expenses - income transferred by Public Enterprises as dividends	ii	-	(1,694)	(109)	1,802	-
Total convergence differences		-	(1,695)	(109)	1,802	(1)
GFS Net Operating Balance		**985**	**(26)**	**(2,053)**	**-**	**(1,094)**

Notes:

The convergence differences comprise:

(i) 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.

(ii) 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 inter-sector transactions.

An elimination difference arises in respect of social benefits of $39 million (2019: $38 million) in the GGS and $226 million (2019: $141 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.

51. Reconciliation to GFS continued

(b) Reconciliation to GFS Fiscal Balance

	Notes	GGS $M	PNFC $M	PFC $M	Elims $M	Total State $M
2020						
Fiscal Balance (as per Operating Statement)		(9,158)	306	(3,204)	(1,200)	(13,256)
Convergence differences						
Relating to net operating balance		-	(1,086)	(94)	1,180	-
Purchases of non-financial assets	i	(129)	-	-	-	(129)
Sales of non-financial assets	i	100	-	-	-	100
Change in net inventories	i, ii	(12)	-	-	-	(12)
GFS Fiscal Balance		**(9,199)**	**(780)**	**(3,298)**	**(19)**	**(13,297)**

	Notes	GGS $M	PNFC $M	PFC $M	Elims $M	Total State $M
2019						
Fiscal Balance (as per Operating Statement)		(2,207)	1,471	(1,893)	(1,812)	(4,441)
Convergence differences						
Relating to net operating balance		-	(1,695)	(109)	1,802	(1)
Purchases of non-financial assets	i	(143)	-	-	-	(143)
Sales of non-financial assets	i	75	-	-	-	75
Change in net inventories	i, ii	60	-	-	-	60
GFS Fiscal Balance		**(2,215)**	**(224)**	**(2,002)**	**(10)**	**(4,450)**

Notes:

The convergence differences comprise:

(i) 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.

(ii) 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.

51. Reconciliation to GFS continued

(c) Reconciliation to GFS Total Change in Net Worth

	Notes	GGS $M	PNFC $M	PFC $M	Elims $M	Total State $M
2020						
Comprehensive result - total change in net worth before transactions with owners as owners (as per Operating Statement)		(7,129)	180	(726)	(914)	(8,588)
Convergence differences						
Income transferred from Public Enterprises as dividends	i	-	(1,086)	(94)	1,180	-
Relating to other economic flows						
Net gain on investments in other entities	ii	(713)	-	-	713	-
Deferred income tax equivalents	iii	628	(422)	(206)	-	-
Net restoration costs	iv	-	37	-	-	37
Onerous contracts	v	-	(123)	-	-	(123)
Remeasurement of shares and other contributed capital	vi	-	1,413	1,025	(2,439)	-
Total convergence differences		(85)	(180)	726	(545)	(85)
GFS Total Change in Net Worth		**(7,215)**	**-**	**-**	**(1,459)**	**(8,673)**

	Notes	GGS $M	PNFC $M	PFC $M	Elims $M	Total State $M
2019						
Comprehensive result - total change in net worth before transactions with owners as owners (as per Operating Statement)		5,823	1,819	(696)	(5,307)	1,640
Convergence differences						
Income transferred from Public Enterprises as dividends	i	-	(1,694)	(109)	1,802	-
Relating to other economic flows						
Net gain on investments in other entities	ii	(148)	-	-	148	-
Deferred income tax equivalents	iii	162	(188)	26	-	-
Net restoration costs	iv	-	20	-	-	20
Onerous contracts	v	-	38	-	-	38
Remeasurement of shares and other contributed capital	vi	-	5	779	(784)	-
Total convergence differences		14	(1,819)	696	1,167	57
GFS Total Change in Net Worth		**5,837**	**-**	**-**	**(4,140)**	**1,697**

Notes:

The convergence differences comprise:

(i) 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 inter-sector transactions.

(ii) 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.

51. Reconciliation to GFS continued

(c) Reconciliation to GFS Total Change in Net Worth continued

Notes: continued

(iii) 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 inter-sector transactions.

(iv) GFS does not recognise restoration costs, whereas restoration costs have been recognised in the Operating Statement. This difference flows through to the TSS.

(v) 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.

(vi) GFS measures net worth as assets less liabilities less shares/contributed equity (remeasured). Shares/contributed equity are not deducted under Australian Accounting Standards.

(d) Reconciliation to GFS Net Worth

	Notes	GGS *$M*	PNFC *$M*	PFC *$M*	Elims *$M*	Total State *$M*
2020						
Net Worth (as per Balance Sheet)		193,731	18,969	2,592	(32,777)	182,516
Convergence differences						
Financial assets						
Investment in other entities	i	5,633	-	-	(5,633)	-
Non-financial assets						
Restoration assets	ii	(1)	(223)	-	-	(225)
Deferred tax assets	iii	(6,122)	(908)	(167)	7,196	-
Liabilities						
Deferred tax liabilities	iv	1,074	6,093	29	(7,196)	-
Restoration provision	v	1	748	-	-	749
Provision for onerous contracts	vi	-	62	-	-	62
Shares and other contributed equity	vii	-	(24,740)	(2,454)	27,194	-
Total convergence differences		585	(18,969)	(2,592)	21,561	586
GFS Net Worth		**194,316**	**-**	**-**	**(11,216)**	**183,101**

	Notes	GGS *$M*	PNFC *$M*	PFC *$M*	Elims *$M*	Total State *$M*
2019						
Net Worth (as per Balance Sheet)		200,861	19,596	3,412	(32,764)	191,104
Convergence differences						
Financial assets						
Investment in other entities	i	6,346	-	-	(6,346)	-
Non-financial assets						
Restoration assets	ii	(2)	(136)	-	-	(138)
Deferred tax assets	iii	(6,204)	(477)	(51)	6,732	-
Liabilities						
Deferred tax liabilities	iv	528	6,084	119	(6,732)	-
Restoration provision	v	1	623	-	-	624
Provision for onerous contracts	vi	-	185	-	-	185
Shares and other contributed equity	vii	-	(25,874)	(3,480)	29,354	-
Total convergence differences		670	(19,596)	(3,412)	23,007	671
GFS Net Worth		**201,531**	**-**	**-**	**(9,757)**	**191,774**

51. Reconciliation to GFS continued

(d) Reconciliation to GFS Net Worth continued

Notes:

The convergence differences comprise:

(i) 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.

Reconciliation of GAAP GGS investments in other public sector entities to GFS:

	General Government 2020 *$M*	*General Government* 2019 *$M*
Investments in other public sector entities under GAAP	21,560	23,007
Add net deferred tax equivalent liabilities reported by PNFC and PFC	5,048	5,676
Add provisions for onerous contracts recorded by PNFC and PFC	62	184
Add net restoration costs	524	487
Investments in other public sector entities under GFS	**27,194**	**29,353**

(ii) GFS does not recognise restoration assets, whereas restoration assets have been recognised in the Balance Sheet. This difference flows through to the TSS.

(iii) 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 inter-sector transactions.

(iv) 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 inter-sector transactions.

(v) GFS does not recognise restoration provisions, whereas restoration provisions have been recognised in the Balance Sheet. This difference flows through to the TSS.

(vi) 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.

(vii) 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** *$M*
2020						
Cash surplus/(deficit)		(6,241)	(1,247)	(1,851)	9	(9,330)
Convergence differences						
Acquisitions under finances leases and similar arrangements	i	(1,263)	(54)	(4)	-	(1,320)
GFS Cash Surplus/(Deficit)		**(7,503)**	**(1,301)**	**(1,854)**	**9**	**(10,650)**

	Notes	**GGS** *$M*	**PNFC** *$M*	**PFC** *$M*	**Elims** *$M*	**Total State** *$M*
2019						
Cash surplus/(deficit)		302	(429)	(1,400)	8	(1,520)
Convergence differences						
Acquisitions under finances leases and similar arrangements	i	(955)	-	-	-	(955)

GFS Cash Surplus/(Deficit)	**(653)**	**(429)**	**(1,400)**	**8**	**(2,475)**

51. Reconciliation to GFS continued

(e) Reconciliation to GFS Cash Surplus/(Deficit) continued

Notes:

The convergence differences comprise:

(i) 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.

52. Expenses from transactions by function

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
General public services	6,960	5,693	11,889	10,431
Public order and safety	5,612	5,228	5,512	5,156
Economic affairs	1,985	1,802	7,864	7,825
Environmental protection	942	1,079	926	997
Housing and community amenities	911	1,038	2,039	1,797
Health	19,251	17,993	19,079	17,882
Recreation, culture and religion	919	833	1,000	913
Education	15,376	14,298	15,244	14,173
Social protection	4,992	4,603	5,648	5,015
Transport	6,550	6,275	6,764	6,525
	63,498	**58,843**	**75,965**	**70,713**

53. Sector assets by function

	General Government		*Total State*	
	2020	*2019*	*2020*	*2019*
	$M	*$M*	*$M*	*$M*
General public services[1]	42,846	45,074	65,753	63,005
Public order and safety	8,680	8,617	8,409	8,314
Economic affairs	10,161	11,058	43,767	43,211
Environmental protection	77,651	76,818	77,571	76,780
Housing and community amenities	18,720	18,738	32,375	32,393
Health	16,190	15,731	16,133	15,685
Recreation, culture and religion	4,677	4,295	5,307	5,031
Education	24,753	23,122	24,745	23,109
Social protection	2,924	2,164	4,502	3,353
Transport	81,883	75,333	91,346	84,842
	288,485	**280,950**	**369,908**	**355,725**

[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 2020 $M*	*Actual 2020 $M*	*Change $M*	*Change %*
Continuing Operations					
Revenue from Transactions					
Taxation revenue	1	15,164	14,585	(579)	-3.8%
Grants revenue	2	28,003	27,641	(362)	-1.3%
Sales of goods and services	3	6,004	5,618	(385)	-6.4%
Interest income		2,141	2,076	(65)	-3.0%
Dividend and income tax equivalent income	4	2,237	1,929	(309)	-13.8%
Other revenue	5	6,837	5,915	(923)	-13.5%
Total Revenue from Transactions		**60,387**	**57,764**	**(2,623)**	**-4.3%**
Expenses from Transactions					
Employee expenses		25,396	25,660	264	1.0%
Superannuation expenses					
Superannuation interest cost	6	516	354	(162)	-31.4%
Other superannuation expenses		3,093	3,183	90	2.9%
Other operating expenses	7	15,790	17,087	1,297	8.2%
Depreciation and amortisation		3,960	4,033	73	1.8%
Other interest expense	8	1,688	1,486	(202)	-11.9%
Grants expenses	9	9,754	11,695	1,941	19.9%
Total Expenses from Transactions		**60,197**	**63,498**	**3,301**	**5.5%**
Net Operating Balance from Continuing Operations		**190**	**(5,734)**	**(5,924)**	
Other Economic Flows - Included in Operating Result					
Gains/(losses) on sale of assets/settlement of liabilities		6	(22)	(28)	
Revaluation increments/(decrements) and impairment (losses)/reversals		(33)	(3,385)	(3,352)	
Asset write-downs		(113)	(253)	(139)	
Actuarial adjustments to liabilities		73	(411)	(484)	
Deferred income tax equivalents		(111)	(809)	(698)	
Dividends and tax equivalents treated as capital returns		206	74	(132)	
Other		(12)	(209)	(197)	
Total Other Economic Flows - Included in Operating Result	10	**16**	**(5,015)**	**(5,030)**	
Operating Result from Continuing Operations		205	**(10,749)**	**(10,955)**	
Other Economic Flows - Other Movements in Equity					
Adjustments to opening balances		-	(94)	(94)	
Revaluations		2,491	3,714	1,223	
Other		4	-	(4)	
Total Other Economic Flows - Other Movements in Equity	11	**2,495**	**3,620**	**1,125**	
Comprehensive Result/Total Change in Net Worth		**2,700**	**(7,129)**	**(9,830)**	
KEY FISCAL AGGREGATES					
Net Operating Balance		**190**	**(5,734)**	**(5,924)**	
Net Acquisition/(Disposal) of Non-Financial Assets					
Purchases of non-financial assets		6,727	6,291	(435)	
Less Sales of non-financial assets		305	230	(75)	
Less Depreciation		3,961	4,033	71	
Plus Change in inventories		17	107	89	
Plus Other movement in non-financial assets		1,238	1,289	51	
Equals **Total Net Acquisition/(Disposal) of Non-Financial Assets**		**3,716**	**3,424**	**(292)**	
Fiscal Balance		**(3,526)**	**(9,158)**	**(5,633)**	

Notes to the Financial Statements

54. General Government Sector budget to actual comparison continued

Balance Sheet

	Variance Notes	*Published Budget 2020 $M*	*Actual 2020 $M*	*Change $M*	*Change %*
Assets					
Financial Assets					
Cash and deposits	12	407	1,205	798	196.2%
Receivables and loans					
Receivables	13	4,019	4,490	471	11.7%
Advances paid	14	620	1,280	660	106.4%
Loans paid		269	383	114	42.2%
Securities other than shares	15	31,048	29,197	(1,852)	-6.0%
Shares and other equity investments					
Investments in public sector entities	16	24,435	21,560	(2,875)	-11.8%
Investments in other entities		1	6	5	638.9%
Investments accounted for using the equity method		146	157	11	7.4%
Total Financial Assets		**60,945**	**58,278**	**(2,668)**	**-4.4%**
Non-Financial Assets					
Inventories		602	671	69	11.4%
Assets held for sale		181	159	(21)	-11.7%
Investment properties		376	340	(36)	-9.6%
Property, plant and equipment	17	210,400	221,309	10,909	5.2%
Intangibles		855	828	(27)	-3.2%
Deferred tax asset		6,410	6,122	(288)	-4.5%
Other non-financial assets		433	778	345	79.7%
Total Non-Financial Assets		**219,256**	**230,207**	**10,951**	**5.0%**
Total Assets		**280,201**	**288,485**	**8,284**	**3.0%**
Liabilities					
Payables	18	4,148	5,729	1,581	38.1%
Employee benefit obligations					
Superannuation liability	19	25,567	27,808	2,241	8.8%
Other employee benefits	20	7,177	8,327	1,150	16.0%
Deposits held		2	-	(2)	
Advances Received		1,616	1,845	228	14.1%
Borrowing with QTC	21	32,781	37,570	4,789	14.6%
Leases and other loans	22	5,824	6,499	674	11.6%
Securities and derivatives		122	198	76	62.5%
Deferred tax liability	23	503	1,074	571	113.6%
Provisions	24	2,622	4,788	2,165	82.6%
Other liabilities		943	917	(26)	-2.8%
Total Liabilities		**81,306**	**94,754**	**13,448**	**16.5%**
Net Assets		**198,895**	**193,731**	**(5,164)**	**-2.6%**
Net Worth					
Accumulated surplus		90,009	76,926	(13,083)	-14.5%
Reserves		108,887	116,805	7,919	7.3%
Total Net Worth		**198,896**	**193,731**	**(5,164)**	**-2.6%**
KEY FISCAL AGGREGATES					
Net Financial Worth		(20,361)	(36,476)	(16,115)	
Net Financial Liabilities		44,796	58,036	13,241	
Net Debt		8,001	14,046	6,045	

Notes to the Financial Statements

54. General Government Sector budget to actual comparison continued

Cash Flow Statement

	Variance Notes	Published Budget 2020 $M	Actual 2020 $M	Change $M	Change %
Cash Flows from Operating Activities					
Cash received					
Taxes received	25	15,162	13,870	(1,292)	-8.5%
Grants and subsidies received	26	28,000	28,841	842	3.0%
Sales of goods and services	27	6,294	6,055	(239)	-3.8%
Interest receipts	28	2,139	1,997	(142)	-6.7%
Dividends and income tax equivalents	29	2,565	2,756	191	7.4%
Other receipts	30	8,226	7,048	(1,178)	-14.3%
		62,386	**60,567**	**(1,819)**	**-2.9%**
Cash paid					
Payments for employees		(29,080)	(29,332)	(253)	0.9%
Payments for goods and services	31	(18,152)	(19,019)	(866)	4.8%
Grants and subsidies paid	32	(9,649)	(10,928)	(1,279)	13.3%
Interest paid	33	(1,669)	(1,460)	209	-12.5%
Other payments		(1)	(8)	(8)	100.0%
		(58,550)	**(60,747)**	**(2,197)**	**3.8%**
Net Cash Flows from Operating Activities		**3,836**	**(180)**	**(4,016)**	**-104.7%**
Cash Flows from Investing Activities					
Non-Financial Assets					
Purchases of non-financial assets	34	(6,727)	(6,291)	435	-6.5%
Sales of non-financial assets		305	230	(75)	-24.5%
		(6,422)	**(6,061)**	**361**	**-5.6%**
Financial Assets (Policy Purposes)					
Equity acquisitions		(225)	(100)	126	-55.8%
Equity disposals		210	76	(134)	-63.8%
Advances and concessional loans paid		(150)	(1,102)	(952)	634.9%
Advances and concessional loans received		193	184	(8)	-4.4%
	35	**28**	**(941)**	**(969)**	**-3500.6%**
Financial Assets (Liquidity Purposes)					
Purchases of investments		(2,212)	(2,356)	(144)	6.5%
Sales of investments		5,823	6,747	923	15.9%
	36	**3,611**	**4,391**	**780**	**21.6%**
Net Cash Flows from Investing Activities		**(2,783)**	**(2,611)**	**172**	**-6.2%**
Cash Flows from Financing Activities					
Cash received					
Advances received	37	(10)	2,627	2,636	-27151%
Proceeds of borrowing	38	146	3,710	3,565	2449%
		136	**6,337**	**6,201**	**4564.5%**
Cash paid					
Advances paid	37	(642)	(3,473)	(2,832)	441.3%
Borrowing repaid		(632)	(735)	(104)	16.4%
		(1,273)	**(4,208)**	**(2,935)**	**230.5%**
Net Cash Flows from Financing Activities		**(1,137)**	**2,128**	**3,266**	**-287.1%**
Net Increase/(Decrease) in Cash and Deposits Held		**(85)**	**(663)**	**(578)**	**682.6%**
Cash and deposits at the beginning of the financial year		489	1,868	1,379	282.0%
Cash and Cash Equivalents Held at the End of the Financial Year		**404**	**1,205**	**801**	**198.1%**

54. General Government Sector budget to actual comparison continued

Cash Flow Statement continued

	Variance Notes	*Published Budget 2020 $M*	*Actual 2020 $M*	*Change $M*	*Change %*
KEY FISCAL AGGREGATES					
Net Cash from Operating Activities		3,836	(180)	(4,016)	
Net Cash Flow from Investments in Non-Financial Assets		(6,422)	(6,061)	361	
CASH SURPLUS/(DEFICIT)		**(2,586)**	**(6,241)**	**(3,655)**	
Derivation of ABS GFS Cash Surplus/Deficit					
Cash surplus/(deficit)		(2,586)	(6,241)	(3,655)	
Acquisitions under finance leases and similar arrangements		(1,119)	(1,263)	(143)	12.8%
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements		**(3,705)**	**(7,503)**	**(3,798)**	

Explanations of major variances between AASB 1049 actual amounts and corresponding original budget amounts for GGS

Operating Statement

1. Taxation revenue was $579 million lower than the 2019-20 Budget estimate largely reflecting the Government's COVID-19 payroll tax and land tax relief measures and lower gambling machine tax revenue due to the closure of pubs, clubs and community venues during the pandemic. Tax measures in response to the crisis included a three month payroll tax holiday for small and medium businesses with payrolls of $6.5 million or less, exclusion of JobKeeper payments from payroll tax and land tax waivers of the 2% land tax surcharge for foreign entities. Waste disposal levies were also lower than budgeted.

2. Grant revenue was $362 million lower than the 2019-20 Budget forecast. GST revenue declined $1.453 billion from Budget driven by the lower national GST collections mainly as a result of the COVID-19 economic downturn. Lower GST revenue was in large part offset by COVID-19 Health National Partnership Agreement funding, bring forward of grants for on-passing for non-state schools and Financial Assistance Grants to local councils by the Commonwealth Government, timing of Disability Care Australia Fund payments and additional disaster recovery funding.

3. Lower sales of goods and services of $385 million compared to the 2019-20 Budget estimate is partly due to the disruption in the provision of services caused by the COVID-19 pandemic affecting transport fare revenue, land sales by Economic Development Queensland, rental income and carpark revenue. COVID-19 restrictions also led to lower cross border hospital fees.

4. Dividend and income tax equivalent income was $309 million lower in comparison to the 2019-20 Budget estimate mainly due to lower dividends from Stanwell Corporation and Energy Queensland partly as a result of lower electricity prices.

5. Other revenue decreased $923 million over the 2019-20 Budget estimate mainly reflecting significantly lower coal royalties due to weakening in global demand and sharply lower coal prices.

6. Superannuation interest cost was $162 million lower than forecast due to the decline in discount rates applied to the liability.

7. Other operating expenses were $1.297 billion higher than the 2019-20 Budget estimate. The increase over the Budget reflects higher self-insurance (QGIF) costs with recognition of a provision for historical serious child physical abuse claims following the removal of the statutory limitation period in October 2019 and the increase in historical serious child sexual abuse claims based on claims experience and business interruption claims due to COVID-19 pandemic. Other operating expenses were also higher due to COVID-19 related expenditure, including electricity rebates provided under the Government's Household Utility Assistance package and provision of additional health services in response to the pandemic.

8. Interest expenses were lower than the 2019-20 Budget estimate mainly due to lower interest rates on borrowings with QTC.

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 continued

Operating Statement continued

9. Grants expenses were $1.941 billion higher than Budget due to:
   - COVID-19 expense measures to support jobs and businesses, including two months' payroll tax refunds for small and medium businesses with payrolls of $6.5 million or less, land tax rebates of 25% for eligible properties, and electricity rebates for small businesses;
   - Bring forward of 2020-21 Financial Assistance Grants to local councils and funding for non-State schools by the Australian Government;
   - Higher natural disaster payments to local councils;
   - Increased payments to the National Disability Insurance Agency based on more than expected disability services clients transitioning to the NDIS;
   - Provision for possible litigation payments; and
   - Higher level of road building by local councils and capital works for public utility providers.

   These higher grants were partially offset by lower than expected grants under the Restocking, Replanting and On-Farm Infrastructure program.

10. Other economic flows included in operating result were $5.03 billion lower than the 2019-20 Budget. This variance was due in large part to:
    - The fair value decrement on the fixed rate note with QTC which is linked to the fair value of QTC's corresponding long term asset portfolio held with QIC;
    - Actuarial adjustments to the Long Service Leave Central Scheme;
    - A decrease in deferred tax revenue from the State's electricity generation businesses and WorkCover Queensland; and
    - Fair value and impairment losses associated with the Government's Jobs Support Loans Scheme.

11. Other movements in equity were $1.125 billion higher than estimated in the 2019-20 Budget due to an increase in property, plant and equipment of $4.877 billion from upwards valuation of road infrastructure and land under roads and revision of right of use assets on adoption of AASB 16. These adjustments were partially offset by actuarial adjustments to the defined benefit superannuation liabilities and downward valuation of the investment in the PNFC and PFC Sector entities.

Balance Sheet

12. Refer to Cash Flow Statement for movements in the cash balance.

13. Receivables were $471 million higher than the 2019-20 Budget, mainly reflecting payroll tax and land tax deferrals provided to businesses as part of the Government's COVID-19 tax relief package.

14. Advances paid were $660 million higher compared to 2019-20 Budget reflecting the Jobs Support Loans Scheme provided to assist Queensland businesses and non-profit organisations impacted by COVID-19 to retain employees and maintain their operations.

15. Securities other than shares were $1.852 billion lower than the 2019-20 Budget reflecting fair value decrement on the fixed rate note with QTC (refer Note 10), offset in part by the Government not proceeding with the planned $1 billion repatriation of the Defined Benefit Superannuation Scheme surplus assets in 2019-20 in favour of transferring these assets to the Queensland Future Fund at a later date.

16. The reduction of $2.875 billion in the investments in public enterprises is due to the combined movements in the net worth of PNFC and PFC Sector entities and mainly results from asset write downs and marker value adjustments to securities.

17. The increase of $10.909 billion in property, plant and equipment over the 2019-20 Budget is mainly due to road infrastructure and land under roads revaluations made post the original budget estimate.

18. Payables increased $1.581 billion from the original budget estimate reflecting in large part the overpayment of GST grants which is to be returned to the Australian Government.

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 continued

Balance Sheet continued

19. The $2.241 billion increase in superannuation since the 2019-20 Budget is largely due to lower Commonwealth bond yields and salary inflation assumptions compared to those used in the original Budget estimate as well as lower returns on Members Fund offsets.

20. Other employee entitlements obligations were $1.15 billion higher than the 2019-20 Budget forecast due to actuarial valuation adjustments to the Long Service Leave Scheme liabilities, which are based on the same assumptions applying to the superannuation liabilities (refer to Note 20), and higher than expected annual leave liabilities.

21. Borrowing with QTC was $4.789 billion higher than projected at the time of the 2019-20 Budget largely reflecting the Government's assistance packages to businesses, industries and households in response to the COVID-19 pandemic. Key initiatives contributing to higher borrowing with QTC include the Jobs Support Loans Scheme, payroll tax and land tax relief measures (including payment deferrals), household utility rebates and small business electricity rebates.

    Lower royalties, GST receipts and the Government not proceeding with the planned $1 billion repatriation of surplus defined benefit superannuation assets in 2019-20 also contributed to higher borrowing with QTC.

22. Leases and other loans were $674 million above the 2019-20 Budget estimate. This increase is due in part to the Department of Housing and Public Works recording higher leases on transition to AASB 16 due to downward movement in the incremental borrowing rate, changes to lease terms and additional leases requiring recognition.

23. Deferred tax liabilities relating to the PNFC and PFC sector entities were $571 million higher than the 2019-20 Budget due to impairments and other valuation adjustments in those sectors.

24. Provisions increased $2.165 billion from the 2019-20 Budget mainly reflecting the increase in self-insurance liabilities of QGIF with the recognition of serious child physical abuse claims following the removal of the statutory limitation period, higher serious child sexual abuse claims based on claims experience, provision for other possible litigation payments and business interruption claims due to the impact of COVID-19 to operations.

Cash Flow Statement

25. In addition to the decrease per the operating statement (refer variance note 1) taxes received were lower than budgeted due to the payroll tax and land tax deferrals provided to businesses as part of the Government's COVID-19 tax relief package.

26. Grants and subsidies received were $842 million higher than budgeted. This variance was higher than the operating statement (refer to variance note 2), as an overpayment of GST revenue from the Commonwealth has been accrued in 2019-20 but will not be settled until 2020-21.

27. Sales of goods and services were $239 million lower than budgeted due to the impacts of COVID-19 on service provision. Refer to variance note 3 for further details.

28. Interest receipts were $142 million lower than budgeted due largely to lower rates of interest and lower returns on financial investments.

29. Dividend and tax equivalent receipts were $191 million higher than expected at budget. This variance was higher than the operating statement (refer to variance note 5), due to dividend receipts in 2019-20 being based on higher dividends declared in the 2018-19 year than were expected at the time of the 2019-20 budget.

30. Other receipts were $1.178 billion lower than budget mainly due to lower royalty receipts and lower than expected net GST receipts from the ATO.

31. Payments for goods and services were $866 million higher than budgeted. The variance was lower than the Operating Statement (refer to variance note 7), as higher QGIF claims, mainly for victims of historical child abuse, were provided for in 2019-20 but will be paid in the future.

32. Grants and subsidies paid were $1.279 billion higher than expected at budget predominantly due to the Government's response to COVID-19. Further details can be found in variance Note 9.

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 continued

Cash Flow Statement continued

33. Interest paid was $209 million less than budget mainly due to lower prevailing interest rates on borrowing with QTC and lower than expected lease interest charges.

34. Purchases of non-financial assets were $435 million lower than expected at Budget due to changes in the timing of capital program delivery across the sector as well as equity to output swaps.

35. Net cash outflows from policy purposes were $969 million higher than the 2019-20 Budget, mainly due to the issuance of concessional loans under the Jobs Support loan scheme for small businesses, as part of the Government's COVID-19 response.

36. Net cash inflows from liquidity purposes were $780 million higher than the 2019-20 Budget. This was mainly due to the need to withdraw more funding from the QTC redraw facility to respond to the unprecedented impacts of the COVID-19 pandemic. This was offset in part by the Government's decision not to repatriate $1 billion from the Defined Benefit Superannuation Scheme surplus to repay debt.

37. Net advances paid were $195 million higher than the 2019-20 Budget mainly due to the withdrawal of funds by GOCs in the electricity sector due to higher than expected cash requirements.

38. Proceeds from borrowing were $3.565 billion higher than budget mainly due to the impact of COVID-19 on the State's funding requirements.

Certification of Queensland State Government Financial Statements

General Government Sector and Total State Sector Consolidated Financial Statements 2019-20

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 2020.

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, Financial Reporting Queensland Treasury	Rachel Hunter Under Treasurer Queensland Treasury	The Honourable Cameron Dick MP Treasurer Minister for Investment

23 November 2020

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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 2020, 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 2020, 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, Under Treasurer and Director, Financial Reporting.

Basis for opinion

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

I am independent of the 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 Auditing Standards*.

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

Key audit matters

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

Valuation of property, plant and equipment (Total State Sector $283.37 billion; General Government Sector $221.31 billion at 30 June 2020)

Refer to Note 32 in the financial report.

Key audit matter	How my audit addressed the key audit matter
Property, plant and equipment is the most material balance on the Balance Sheet and is reported at fair value in compliance with AASB 13 *Fair Value Measurement*. The valuation of some assets requires significant management judgement due to the uncertainties inherent in the valuation of these significant physical assets. Complex valuation methodologies are applied to certain government assets including infrastructure assets, and some asset classes are difficult to value due to their nature. The inputs to valuation models are subjective and are reliant upon significant estimates and judgements. Not all entities that are consolidated into the Whole of Government financial statements are required to report their material assets at fair value in their own general purpose financial statements. This increases the risk that material assets may not be reported at fair value in the consolidated financial statements.	For material assets that were reported at fair value in entity financial statements, my procedures included, but were not limited to: • confirming, on a sample basis, the fair value of material assets included in the consolidated statements to the public sector entity's audited financial statements • confirming the appropriateness of the approach used to measure the fair value for each type of asset class, and identifying the significant judgements made by management in determining fair value • confirming the appropriateness of disclosures made under AASB 13 *Fair Value Measurement* by agreeing them to the entity's audited financial statements. For material assets that were not reported at fair value in entity financial statements, my procedures included, but were not limited to: • assessing the methodology used to derive the fair values of those assets • agreeing with component auditors the approach for auditing those values within materiality levels directed • confirming with the component auditors the results of testing performed over the fair values and the significant judgements used by management • assessing the impact of fair value adjustments on other balances in the financial statements, including depreciation and movements in the asset revaluation surplus • assessing the reasonableness of values of remaining assets not reported at fair value to ensure that the values are not likely to be materially different to their fair value • assessing the appropriateness of disclosures under AASB 13 *Fair Value Measurement*.

Valuation of defined benefit superannuation liability (Total State Sector $27.7 billion; General Government Sector $27.8 billion at 30 June 2020)

Refer to Notes 36 and 48 in the financial report.

Key audit matter	How my audit addressed the key audit matter
The Queensland Government defined benefit superannuation liability is a material amount on the Balance Sheet. The underlying model used to value the liability is complex and involves a significant degree of management judgement and estimation in the selection of long-term assumptions, including salary growth, discount rates and expected CPI increases, to which the valuation of the scheme is highly sensitive. The State Public Sector Superannuation Fund (QSuper) defined benefit liability is assessed annually by the State Actuary.	My procedures included, but were not limited to: • obtaining management's actuarial report and: ○ assessing the appropriateness of any changes to the methodology used by the State Actuary ○ assessing the reasonableness of any material changes to the underlying assumptions and judgements used in estimating the liability ○ confirming the accuracy of the value reported in the consolidated financial statements • assessing the appropriateness and adequacy of related disclosures in the financial statements against the requirements of applicable Australian accounting standards.

Consolidation of financial information

Key audit matter	How my audit addressed the key audit matter
The consolidated financial statements require the consolidation of financial information from a large number of public sector entities. Entities may apply different financial reporting frameworks or apply accounting standards and accounting policies differently in the preparation of their individual financial statements.	My procedures included, but were not limited to: • verifying the completeness of material public sector entities included in the consolidated financial statements • obtaining assurance over the completeness and accuracy of the financial information of individual entities consolidated in the financial statements by agreeing the financial information back to the audited financial statements for material public sector entities • verifying compliance with the ABS GFS manual with respect to accounting treatment and disclosures in the financial statements and the classification of entities into the relevant sectors of government

Key audit matter	How my audit addressed the key audit matter
AASB 1049 *Whole of Government and* General Government Sector Financial *Reporting* requires restatement or reclassification of certain information prepared under generally accepted accounting principles (GAAP) to comply with the Government Financial Statistics (GFS) requirements developed by the Australian Bureau of Statistics.	• assessing the quality of the process used to identify and eliminate transactions and balances occurring between public sector entities and sectors of government • reviewing material manual adjustments and reclassification of amounts for reasonableness • for those public sector entities not consolidated into the financial statements, we confirmed that they did not exceed the thresholds for reporting and therefore were not material.

Provision for litigation (Total State Sector $930 million; General Government Sector $600 million at 30 June 2020)

Refer to Notes 14 and 38 in the financial report.

Key audit matter	How my audit addressed the key audit matter
The recognition, measurement and disclosure of compensation provisions required significant judgement by management in assessing the range of possible outcomes when determining an estimate of the obligation and required disclosures.	My procedures included, but were not limited to: • obtaining inputs from the legal experts used within the group, making independent enquiries and obtaining confirmations from internal and external lawyers to understand the background of the case, legal position and the material risks that may impact the consolidated financial statements • assessing the reasonableness of judgements made by management in determining the adequacy of the level of provisioning and disclosure in the financial statements.

Other information

Other information comprises financial and non-financial information (other than the audited financial report) included in the Queensland Government's Report on State Finances for the year ended 30 June 2020.

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.

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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 the purpose of 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 group.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the 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.

From the matters communicated, 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.

25 November 2020

Brendan Worrall — Queensland Audit Office

Auditor-General — Brisbane

Queensland
Government

EXHIBIT (c)(xiii)

Queensland Treasury Corporation’s 2020-21 Indicative Borrowing Program Update

FORWARD-LOOKING STATEMENTS

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:

- 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, as well as the effect of ongoing economic, banking and sovereign debt risk;
- the effect of the ongoing novel coronavirus (COVID-19) pandemic;
- 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.

QUEENSLAND TREASURY CORPORATION

1 DECEMBER 2020

MARKET ANNOUNCEMENT

QTC announces AUD21.0B term debt borrowing program

Following the Queensland 2020–21 State Budget release, Queensland Treasury Corporation (QTC) estimates it will borrow AUD21.0 billion of term debt in the 2020–21 financial year. This figure remains unchanged from the indicative term debt borrowing program announced following the release of the Queensland Government's COVID-19 Fiscal and Economic Review in September 2020.

Since 1 July 2020, QTC has raised ~AUD11.85 billion of term debt towards its indicative 2020–21 term debt borrowing program.

Indicative term debt borrowing program

New money	2020–21 AUD M[1]	2021–22 AUD M[1]	2022–23 AUD M[1]	2023–24 AUD M[1]
State[2]	17,700	11,800	9,900	7,100
Local government and other entities[3]	1,300	800	1,100	1,100
Total new money	**19,000**	**12,600**	**11,000**	**8,200**

Term debt refinancing

Term debt maturities	8,200	2,600	10,700	9,600

Net funding in advance[4]	(6,200)	7,400	400	(100)
Net term debt refinancing	**2,000**	**10,000**	**11,100**	**9,500**
Total term debt requirement	**21,000**	**22,600**	**22,100**	**17,700**

1. Numbers are rounded to the nearest AUD100 million.
2. Includes general government and government-owned corporations.
3. Other entities include: universities, grammar schools, retail water entities and water boards.
4. Includes net issuance undertaken in advance of borrowing requirements during 2019–20, as well as scheduled client principal repayments.

Funding activity may vary depending upon actual client requirements, the State's fiscal position and financial market conditions.

2020–21 FUNDING STRATEGY

QTC's 2020–21 funding strategy is likely to include the following, subject to market conditions and client funding requirements:

- Issuance of QTC's AUD benchmark bonds as the principal source of funding.
- Issuance of a AUD 2032 benchmark bond and consideration of further longer-dated AUD benchmark bond maturities.
- Issuance of term debt instruments to complement AUD benchmark bond issues.

  This may include issuance of green bonds, bond maturities out to 30 years, floating rate notes and non-AUD denominated bonds.
- A continued programmatic approach to issuance, including syndication, reverse enquiry and frequent tenders.
- Maintaining a minimum of approximately AUD5 billion of short-term debt outstandings.

Next review of borrowing requirements

QTC will next update its borrowing program following the Queensland Government's release of the 2021–22 Queensland Budget.

Queensland 2019–20 Report on State Finances released

The 2019–20 Report on State Finances was tabled in Parliament yesterday.

LEGAL NOTICE: QTC's 2020–21 Indicative Borrowing Program, Queensland 2020–21 Budget Papers and the Report on State Finances is hereby incorporated by reference into the offering documents for QTC's funding facilities including the domestic A$ Bond Information Memorandum dated 10 February 2020 and the Euro Medium Term Note Base Prospectus dated 11 February 2020. QTC is also in the process of preparing and filing a US Form 18-K/A (exhibiting the indicative Borrowing Program, State Budget Papers and Report on State Finances) with the US Securities and Exchange Commission as well as a supplement to QTC's Euro Medium Term Note Base Prospectus with the Luxembourg Stock Exchange.

This announcement (including information accessible through any hyperlinks) and the Budget Papers (collectively, the "Announcement") (i) does not constitute an offer to sell or the solicitation of an offer to buy any securities (ii) may not be sent or disseminated in, directly or indirectly, any jurisdiction in which it is unlawful to so send or disseminate, and (iii) may not be sent or given to any person to whom it is unlawful to be so given. In particular, securities may not be offered or sold in the United States or to 'US Persons' (as defined in Regulation S under the US Securities Act of 1933, as amended (the 'Securities')) Act without registration under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act and any other applicable US state securities laws.

This Announcement is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. This Announcement may contain statements about future events and expectations that are forward looking statements. None of the future projections, expectations, estimates or prospects in this Announcement should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Announcement.

EXHIBIT (g)(iii)

Consent

CONSENT

I hereby consent to the use of the Independent Auditor's Report found on pages 5-120 to 5-125 of the Government of Queensland's Consolidated Financial Statements for the year ended June 30, 2020, hereby filed as exhibit (c)(xii) to this Form 18-K/A to be filed and incorporated by reference in the Prospectus included in the Registration Statement dated December 10, 2009 filed by the 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
Mr. Brendan Worrall
Auditor-General, State of Queensland

Date: December 4, 2020